

State of Arizona Department of Racing

**Annual Report
FY 2004**

Table Of Contents

LETTER TO THE GOVERNOR

ARIZONA RACING COMMISSION	1
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AWARDS	2
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DEPARTMENT OF RACING	3
Department Organization Chart	3
Commercial and County Fair Racing Chart	4

COMMERCIAL RACING	5
Commercial Racing Permittees, Tracks and Permit Terms Chart.....	5
Commercial Tracks Chart	6

COMMERCIAL HORSE RACING	7
Investigations, Licensing, and Breeders & Stallion Awards Charts.....	7
Commercial Horse Tracks Chart.....	8
Rillito Park Chart	9
Turf Paradise Chart.....	10
Yavapai Downs Chart	11

COUNTY FAIR RACING	12
Betterment Payments to Counties, Investigations, and Licensing Charts.....	13
County Fair Tracks Chart	14
County Fair Racing Schedule and Statistics	15

COMMERCIAL GREYHOUND RACING	16
Investigations, Licensing, and Inspections Charts	16
Breeders' Awards and Greyhound Adoption Charts	17
Commercial Greyhound Tracks Chart.....	18
Apache Greyhound Park Chart	19
Phoenix Greyhound Park Chart	20
Tucson Greyhound Park Chart	21

TELETRACKING	22
Teletrack Handle Chart	22
Teletracking Activity – Commercial Horse Meets Chart.....	23
Teletracking Activity – County Fair Meets Chart	24
Teletracking Activity – Greyhounds Meets Charts	25

RACING REGULATION	26
Licensing, Civil Penalties/Fines, and Stewards Rulings by Track Charts	26
Director's Rulings, Investigations, and Types of Investigations Charts.....	27
Drug/Alcohol Abuse Investigations and Equine & Canine Drug Testing Charts	28
License by Category Chart.....	29

BOXING REGULATON	30
Sanctioned Events, Licensing, and Investigations Charts	30

Table of Contents

FINANCIAL ISSUES

Department of Racing Budget.....	32
Department Budget Chart, Department of Racing Revenues, and Distribution of Revenues to the Eight Separate Funds and Maximum Dollars Allowed Chart	33
Distribution of Department of Racing Revenues Chart	35
Department of Racing Revenues by Category Chart.....	36
Appropriated and Non-Appropriated Funds Chart	37
Department of Racing Pari-Mutuel Tax and Hardship Tax Credit Projections Chart	38
Hardship Tax Credit Chart	39
Track Capital Improvements Chart	40

ARIZONA DEPARTMENT OF RACING

JANET NAPOLITANO
GOVERNOR



GEOFFREY E. GONSHER
DIRECTOR

September 30, 2004

The Honorable Janet Napolitano
Governor of the State of Arizona
1700 West Washington
Phoenix, Arizona 85007

Dear Governor Napolitano:

It is my pleasure to submit the FY 2004 Department of Racing Annual Report. This report reflects statutory requirements as they relate to the Department's regulatory, fiscal, and administrative responsibilities.

Last year, the Department regulated and supervised horse and greyhound racing and pari-mutuel wagering at three commercial horse tracks, three greyhound tracks, fifteen county fair racing meetings, and 75 teletrack locations throughout Arizona. The total pari-mutuel handle for all racing was \$264.1 million, a decrease of \$1.5 million or 0.6% from the prior year. The total pari-mutuel tax receipts amounted to \$565,191, a decrease of 10.1% from the prior year.

FY 2004 continued to be a period of restructuring for the Department. The Department introduced more management and operational initiatives that are now consistent with the resources and regulations. With the continued support of your administration, our objective is to build on the following initiatives for a more responsive and effective operation in the future.

- Regulate and supervise all pari-mutuel racing and wagering in order to protect racing participants and the wagering public.
- Strengthen agency management to respect and follow the rules, regulations and statutes that protect the integrity of the racing industry.
- Improve relationships with employees, permittees, licensees, and industry organizations to create partnerships to support the racing industry.

As part of the annual report, the Department is required by statute to submit recommendations for increasing state revenues from the regulation of the racing industry while maintaining the financial health of the industry and protecting the public interest. These are challenges that the Department and the industry must confront together.

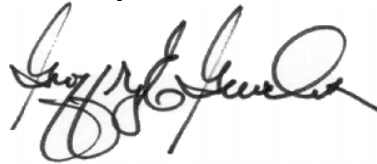
During the past two legislative sessions, the Department has requested the generation of revenue from the industry to support its statutory, administrative, and regulatory duties. The Legislature, however, supported the continuation of General Fund dollars to meet these objectives.

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This year, the Department has proposed support for account wagering as the mechanism in which racing permittees fund a portion of the Department operating costs related to racing regulation while reducing the need for General Fund monies. This revenue source would provide both additional revenue for the Arizona racing industry and funds for regulatory purposes. Currently, the racing industry does not provide sufficient revenue to the State to fund the Department's responsibilities, creating a dependence on other revenue sources. Many other Arizona industries provide sufficient funding to the State to comply with their regulatory functions. We believe that the racing industry should also provide revenue for this purpose.

The Racing Department is committed to performing all statutory and regulatory duties in a manner that brings respect to the agency and the industry. Your continued support is greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Geoffrey E. Gonsher", written in a cursive style.

Geoffrey E. Gonsher
Director

GEG/csb

Arizona Racing Commission

The Arizona Racing Commission was established in 1949 by the Arizona Legislature. The Racing Commission is responsible for issuing racing dates; preparing and adopting rules to govern racing meetings as may be required to protect and promote the safety and welfare of the animals participating in racing meetings; protecting and promoting public health, safety and the proper conduct of racing and pari-mutuel wagering; conducting hearings on applications for racing permits; reviewing applications for capital improvements at racetracks; and conducting hearings and other legal procedures on matters relating to racing licensees and the racing industry.

Arizona Revised Statutes § 5-102 authorizes a five-member Racing Commission, who shall be appointed by the Governor pursuant to A.R.S. § 38-211. Appointment is for a term of five years.

Michael Napier, the Racing Commission's Chairman, was appointed to the Commission in January 2003 and has served as Chairman since February 2004. Mr. Napier, an attorney, former horse owner and breeder, fills the horseracing-experience slot for the Commission. He is a member of several professional organizations, is active in animal welfare groups, and donates his time to several community and charitable organizations.

Bob Ford, Racing Commission Vice-Chairman, was appointed to the Commission in 2001 and has served as Vice-Chairman for two years. Serving as a public member, Mr. Ford comes from a family with over 50 years in the horseracing industry. Mr. Ford has worked at tracks in several positions, gaining first-hand knowledge that serves him well on the Commission. Retired from the City of Phoenix Fire Department, Mr. Ford currently serves on the City of Phoenix Planning Commission.

Burton Kruglick was appointed to the Commission in 1997, and has served one year as Chairman and three years as Vice-Chairman. Mr. Kruglick has been active in Arizona government and politics for many years, serving as Chairman of the Arizona Republican Party from 1985 through 1991. He has been appointed to several Commissions and Boards over the years and is an active participant in community and philanthropic organizations.

Michael Vespoli was appointed to the Racing Commission in January 2003. Mr. Vespoli is Director of Community Affairs for UFCW Local 99. With extensive experience in labor-management relations, Mr. Vespoli brings a wealth of knowledge involving mediation, arbitration and representation to the board.

Awards

HORSERACING INDUSTRY AWARDS

The Racing Commission adopted a new program to recognize individuals for service to the horseracing industry. The following awards were presented at the September 8, 2004 Commission meeting.

Recognition of Excellence Award. Loretta Brasher

Industry Employee Superior Accomplishment Award. Shawn Swartz

Lifetime Achievement Award. Jack Coady, Sr.

Sportsmanship Award. James Kelly

Philanthropic Award. Sandra Hall

DEPARTMENT OF RACING EMPLOYEE RECOGNITION AWARDS

Governor Janet Napolitano proclaimed State Employee Recognition Day in Arizona to honor the dedication and commitment of all State employees. In the spirit of the Governor's proclamation, the Department of Racing announced a new Employee Recognition Program. The purpose of the program is to say "thank you," "well done," "we value you as an employee," and to acknowledge exemplary employee service and outstanding employee contributions that support the agency mission.

FY 2003 Awards

Employee of the Year Award. Norma Rivero

Supervisor of the Year Award. Gerry Howard (posthumous)

Team of the Year Award. Tucson Greyhound Park Stewards
Mike Brimmer, Eddie Rosano, and Katherine Vasco

FY 2004 Awards

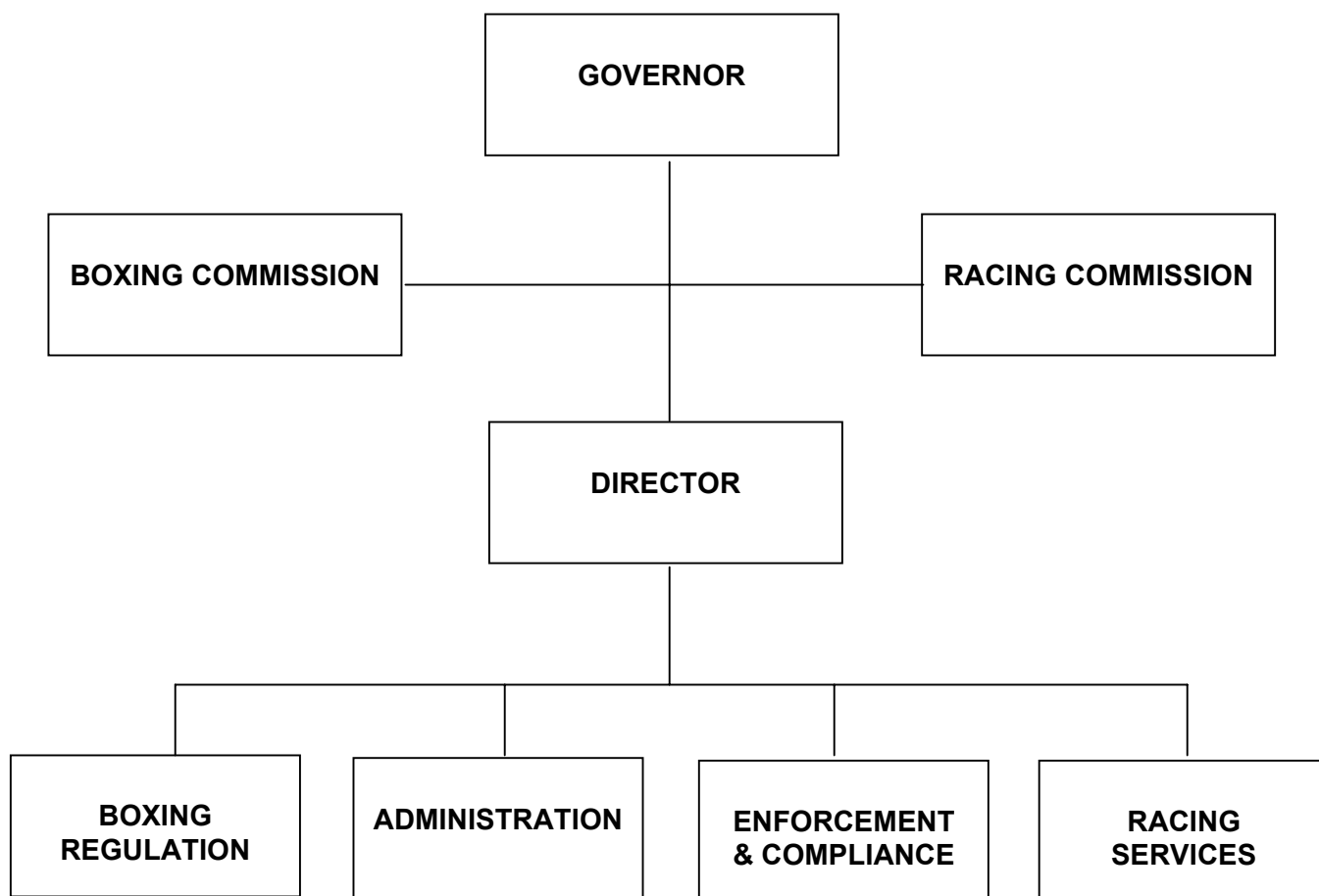
Employee of the Year Award. Eddie Rosano

Supervisor of the Year Award. Andy Carlton, DVM

Team of the Year Award. Accounting Staff
Amy Besco, Karri Hernandez, and Pearl Pistiner

Department Of Racing

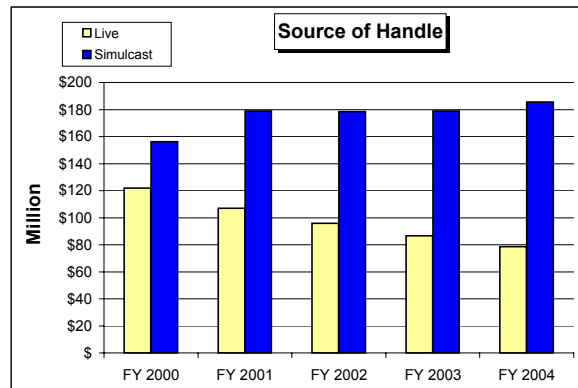
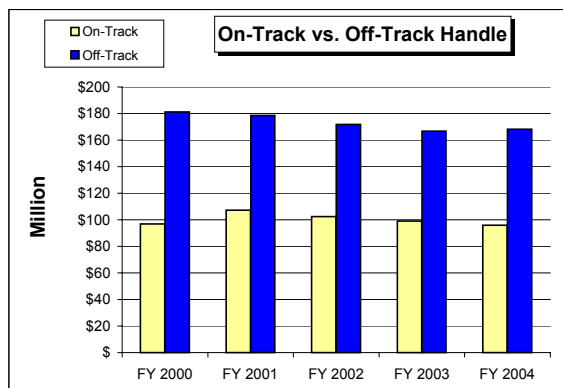
The primary mission of the Department of Racing is to regulate and supervise pari-mutuel horse and greyhound racing and wagering conducted in Arizona in order to protect racing participants and the wagering public. In addition, the Department regulates and supervises boxing events conducted in Arizona to protect participants in these events.



COMMERCIAL AND COUNTY FAIR RACING
Commercial Horse, Greyhound and County Fair Racing

<u>RACING STATISTICS</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
<u>Race Days/Performances</u> (including 15 Charity Days)					
Live Race Days	1,004	988	1,001	981	988
Dark Day-Simulcast only	534	607	588	611	605
Total Race Days	1,538	1,595	1,589	1,592	1,593
Total Live Performances (Matinee & Evening)	1,042	988	1,005	1,010	988
<u>Number of Races</u>					
Live Races	14,292	13,915	13,534	13,534	12,871
Simulcast Races	175,132	188,726	212,803	230,028	266,248
Total Number of Races	189,424	202,641	226,337	243,562	279,119
<u>Attendance</u>					
On-Track	813,650	880,614	810,454	843,474	852,987
Off-Track	872,508	932,595	855,374	838,310	848,157
Total Attendance	1,686,158	1,813,209	1,665,828	1,681,784	1,701,144
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$180,779	\$179,253	\$172,579	\$166,823	\$165,786
Breakdown by location					
On-Track Handle	\$96,782,415	\$107,309,899	\$102,322,446	\$98,925,176	\$96,023,226
Off-Track Handle	\$181,255,409	\$178,599,279	\$171,906,178	\$166,657,437	\$168,073,643
Breakdown by source					
Live Races	\$121,941,593	\$107,074,785	\$95,785,970	\$86,628,828	\$78,573,084
Simulcast Races	156,096,231	178,834,393	178,442,654	178,953,785	185,523,785
Total Pari-Mutuel Handle	\$278,037,824	\$285,909,178	\$274,228,624	\$265,582,613	\$264,096,869
<u>DISTRIBUTION OF REVENUES</u>					
<u>Returned to Wagering Public</u>	\$216,557,955	\$223,085,133	\$214,510,744	\$204,188,047	\$203,820,896
<u>State Pari-Mutuel Revenues</u>	\$2,544,605	\$1,826,665	\$757,662	\$628,564	\$565,191
<u>Track Mutuel Revenues</u>					
Track Commission	\$54,926,514	\$57,433,648	\$54,840,464	\$52,770,892	\$52,677,260
Capital Improvement Rebate	768,324	624,772	561,913	248,590	79,377
Capital Improvement Non-Taxable	395,587	368,886	339,609	116,933	0
Capital Improvement AGP Non-Taxable	(448)	0	0	0	0
Charity Days-Revenues Withheld	89,419	61,457	63,297	69,660	69,895
Hardship Tax Credit	975,316	1,243,214	1,901,210	2,230,937	2,261,865
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	1,260,006	1,274,313	1,226,711	1,136,083	1,175,091
Total Track Revenues	\$58,414,718	\$61,006,290	\$58,933,204	\$56,573,095	\$56,263,488
<u>Purses</u>	\$20,993,664	\$23,590,039	\$24,187,316	\$20,842,682	\$20,497,445

Racetrack Trends at a Glance



Commercial Racing

The Department of Racing regulates and supervises all commercial horse and greyhound racing meetings and pari-mutuel wagering conducted on- and off-track in Arizona to enforce laws and regulations and to protect racing participants and the wagering public.

In FY 2004, the Arizona Racing Commission approved commercial racing permits for Pima County Fair Horse Racing Commission at Rillito Park and TP Racing, L.L.L.P. at Turf Paradise. Yavapai County Fair Association at Yavapai Downs filed an application before the expiration of its racing permit on August 29, 2003. Because Yavapai County Fair Association made a timely and sufficient/administratively complete application, the current permit does not expire until the Racing Commission, upon recommendation by the Department, has finally ruled on the application.

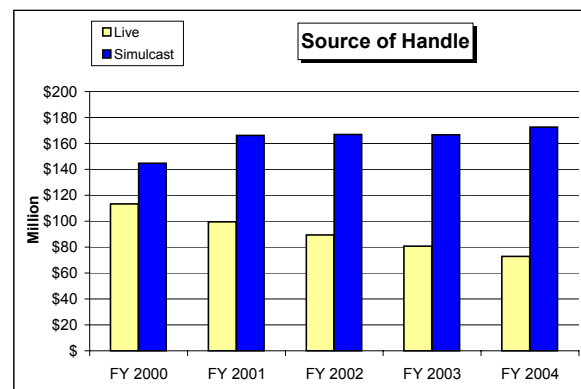
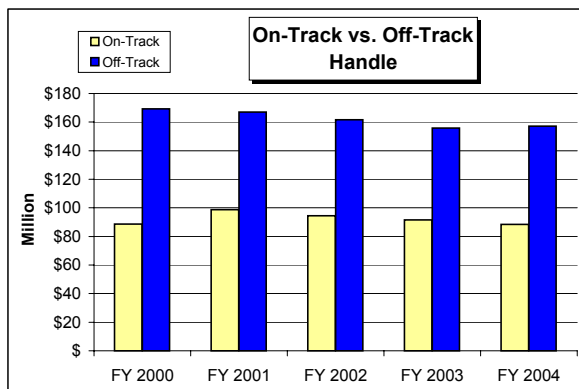
Commercial Racing Permittees, Tracks and Permit Terms

<u>Permittee</u>	<u>Track</u>	<u>Permit Term</u>
American Greyhound Racing, Inc.	Apache Greyhound Park	01/01/02 - 12/31/04
American Greyhound Racing, Inc.	Phoenix Greyhound Park	01/01/02 - 12/31/04
Pima County Fair Horse Racing Commission	Rillito Park	02/01/04 - 02/29/04
Southern Arizona Greyhound Racing, Inc.	Yuma Greyhound Park	01/01/02 - 12/31/04
Tucson Greyhound Park, Inc.	Tucson Greyhound Park	01/01/02 - 12/31/04
TP Racing, L.L.L.P.	Turf Paradise Race Course	06/01/03 - 05/31/06
Western Racing, Inc.	Phoenix Greyhound Park	01/01/02 - 12/31/04
Yavapai County Fair Association	Yavapai Downs at Prescott Valley	05/26/01 - 08/29/03 (2004 - 2006 pending)

COMMERCIAL TRACKS
Commercial Horse and Greyhound Racing

RACING STATISTICS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
<u>Race Days/Performances (including 15 Charity Days)</u>					
Live Race Days	944	927	943	921	927
Dark Day-Simulcast only	531	605	586	609	603
Total Race Days	1,475	1,532	1,529	1,530	1,530
Total Live Performances (Matinee & Evening)	982	927	947	950	927
<u>Number of Races</u>					
Live Races	13,684	13,367	13,029	13,028	12,358
Simulcast Races	174,201	186,798	211,006	227,928	263,400
Total Number of Races	187,885	200,165	224,035	240,956	275,758
<u>Attendance</u>					
On-Track	687,039	696,600	691,411	737,567	725,228
Off-Track	814,253	868,658	801,961	780,311	789,343
Total Attendance	1,501,292	1,565,258	1,493,372	1,517,878	1,514,571
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$174,896	\$173,444	\$167,509	\$161,673	\$160,457
Breakdown by location					
On-Track Handle	\$88,619,600	\$98,724,645	\$94,376,373	\$91,610,048	\$88,355,137
Off-Track Handle	\$169,351,992	\$166,991,763	\$161,744,757	\$155,749,842	\$157,143,398
Breakdown by source					
Live Races	\$113,393,331	\$99,487,061	\$89,292,335	\$80,765,076	\$72,812,408
Simulcast Races	144,578,261	166,229,347	166,828,795	166,594,814	172,686,127
Total Pari-Mutuel Handle	\$257,971,592	\$265,716,408	\$256,121,130	\$247,359,890	\$245,498,535
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$200,719,621	\$207,062,754	\$200,150,196	\$189,919,817	\$189,272,455
State Pari-Mutuel Revenues	\$2,544,605	\$1,826,665	\$757,662	\$628,564	\$565,191
<u>Track Mutuel Revenues</u>					
Track Commission	\$50,812,707	\$53,399,050	\$51,191,723	\$49,185,569	\$49,022,251
Capital Improvement Rebate	768,324	624,772	561,913	248,590	79,377
Capital Improvement Non-Taxable	395,587	368,886	339,609	116,933	0
Capital Improvement AGP Non-Taxable	(448)	0	0	0	0
Charity Days-Revenues Withheld	89,419	61,457	63,297	69,660	69,895
Hardship Tax Credit	975,316	1,243,214	1,901,210	2,230,937	2,261,865
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	1,145,915	1,138,521	1,128,504	1,046,447	1,075,131
Total Track Revenues	\$54,186,820	\$56,835,900	\$55,186,256	\$52,898,136	\$52,508,519
Purses	\$18,785,661	\$21,175,708	\$20,538,575	\$18,842,906	\$18,435,371

Racetrack Trends at a Glance



Commercial Horse Racing

The Department of Racing is responsible for regulating and supervising all commercial horse racing meetings, conducting investigations, issuing licenses, conducting equine and human drug testing, overseeing wagering, hearing appeals of decisions, conducting hearings on investigation referrals and race incidents, collecting revenues for the State, and distributing awards to program recipients.

Investigations

The Department investigates possible violations of racing laws and rules and imposes administrative sanctions on those determined to have committed violations. All races are observed and supervised to ensure that all participants comply with the rules of racing.

<u>Performance Measures</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Number of rulings issued	554	536	565
Percent of original actions upheld on appeal	71%	59%	100%
Number of investigations conducted regarding compliance with rules	148	178	261
Percent of investigations resulting in disciplinary action	70%	78%	72%

Licensing

The Department issues licenses to participate in racing to those who are qualified and eligible. Licenses are denied for those who are undesirable or statutorily prohibited from participating.

<u>Performance Measures</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Number of licenses issued	3,938	1,905	3,157
Number of licenses denied	8	7	6
Number of investigations conducted regarding licensing	588	342	337
Percentage of investigations resulting in disciplinary action	18%	15%	15%
Percent of license denials upheld on appeal	75%	100%	100%

Breeders & Stallion Awards

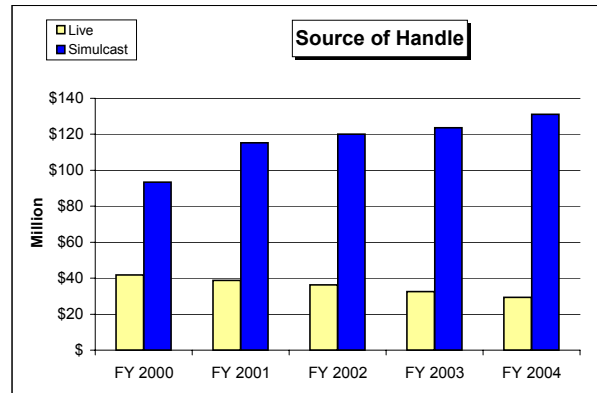
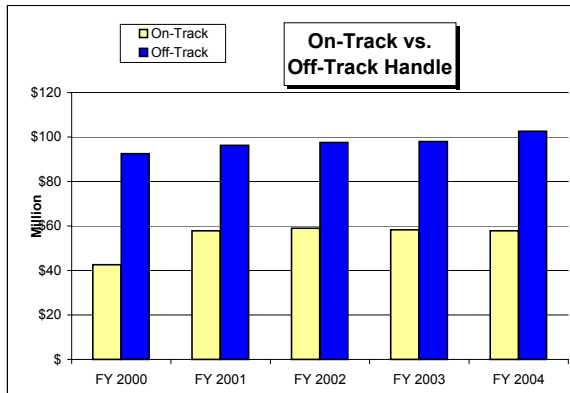
The Department encourages and promotes horse breeding in Arizona through the administration of and distribution to recipients of funds available through Breeders and Stallion Awards Programs.

<u>Performance Measures</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Number of registered breeders	2,439	2,481	3,184
Percent of registered breeders winning awards	3%	7%	14%
Number of registered horses	4,599	4,972	5,239
Percent of registered horses winning awards	9%	3%	5%
Quarter Horse Breeders' Awards	\$36,773	\$69,258	\$39,369
Thoroughbred Breeders' Awards	\$353,104	\$348,751	\$419,357
Stallion Awards	\$40,000	\$40,000	\$40,000

COMMERCIAL HORSE TRACKS
Rillito Park, Turf Paradise, Yavapai Downs

<u>RACING STATISTICS</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Race Days/Performances (including 3 charity days)					
Live Race Days	196	206	208	211	208
Dark Day-Simulcast Only	188	238	235	236	232
Total Race Days	384	444	443	447	440
Total Live Performances	196	206	208	211	208
Number of Races					
Live Races	1,936	1,988	1,989	2,079	1,866
Simulcast Races	12,089	13,652	32,429	37,039	45,178
Total Number of Races	14,025	15,640	34,418	39,118	47,044
Attendance					
On-Track	359,388	410,800	425,821	406,922	415,823
Off-Track	479,019	534,437	513,002	511,907	543,899
Total Attendance	838,407	945,237	938,823	918,829	959,722
Pari-Mutuel Handle					
Average Handle per Race Day	\$351,778	\$347,022	\$353,324	\$349,557	\$364,636
Breakdown by location					
On-Track Handle	\$42,614,139	\$57,801,999	\$58,975,299	\$58,231,225	\$57,798,008
Off-Track Handle	\$92,468,518	\$96,275,856	\$97,547,150	\$98,020,838	\$102,641,830
Breakdown by source					
Live Races	\$41,760,626	\$38,734,372	\$36,360,266	\$32,550,698	\$29,381,769
Simulcast Races	93,322,031	115,343,483	120,162,183	123,701,365	131,058,069
Total Pari-Mutuel Handle	\$135,082,657	\$154,077,855	\$156,522,449	\$156,252,063	\$160,439,838
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$106,192,491	\$121,121,937	\$124,128,643	\$120,365,579	\$124,211,953
State Pari-Mutuel Revenues	\$522,442	\$661,654	\$595,011	\$528,708	\$480,282
Track Mutuel Revenues					
Track Commission	\$27,355,749	\$31,391,214	\$30,883,355	\$30,943,734	\$31,866,767
Capital Improvement Rebate	117,588	100,581	107,288	93,873	79,377
Capital Improvement-Non Taxable	0	0	0	0	0
Charity Day	27,776	8,911	14,628	12,935	11,869
Hardship Tax Credit	167,406	12,452	10,279	15,498	16,114
Breakage	699,204	790,018	783,247	780,344	828,287
Total Track Revenues	\$28,367,723	\$32,303,176	\$31,798,797	\$31,846,384	\$32,802,413
Purses	\$12,482,260	\$14,853,572	\$14,974,184	\$14,090,151	\$13,954,044

Racetrack Trends at a Glance



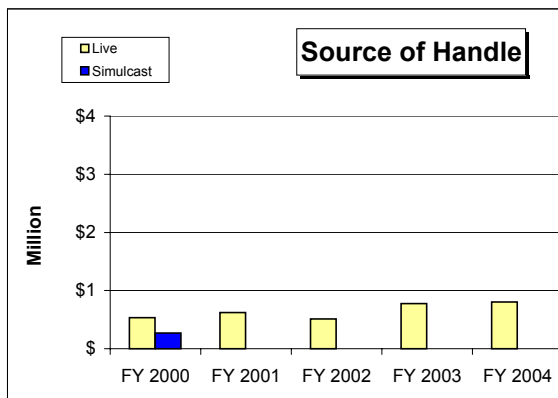
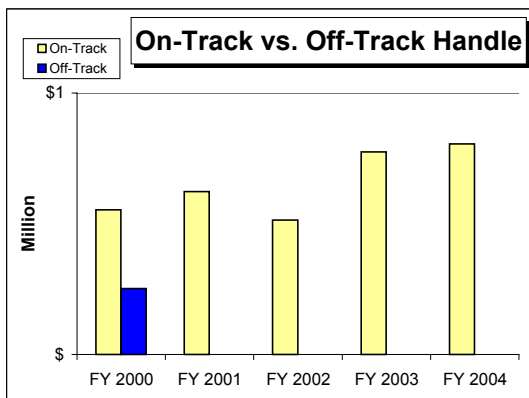
4502 North First Avenue
Tucson, Arizona 85728

RILLITO PARK
Pima County Fair Horse Racing Commission

FY 2004 Racing Dates:
February 1, 2004 - February 29, 2004

<u>RACING STATISTICS</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
<u>Race Days/Performances</u>					
Live Race Days	6	8	6	10	9
Dark Day-Simulcast Only	15	0	0	0	0
Total Race Days	21	8	6	10	9
Total Live Performances	6	8	6	10	9
<u>Number of Races</u>					
Live Races	57	70	55	91	84
Simulcast Races	524	0	0	0	0
Total Number of Races	581	70	55	91	84
<u>Attendance</u>					
On-Track	15,739	19,568	16,446	23,453	24,569
Off-Track	2,234	0	0	0	0
Total Attendance	17,973	19,568	16,446	23,453	24,569
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$38,351	\$77,827	\$85,657	\$77,492	\$89,521
Breakdown by location					
On-Track Handle	\$553,395	\$622,612	\$513,941	\$774,915	\$805,693
Off-Track Handle	\$251,972	\$0	\$0	\$0	\$0
Breakdown by source					
Live Races	\$536,409	\$622,612	\$513,941	\$774,915	\$805,693
Simulcast Races	268,958	0	0	0	0
Total Pari-Mutuel Handle	\$805,367	\$622,612	\$513,941	\$774,915	\$805,693
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$623,105	\$478,943	\$396,671	\$597,804	\$621,883
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$165,462	\$127,203	\$102,977	\$155,644	\$161,251
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement-Non Taxable	0	0	0	0	0
Charity Day	0	0	0	0	0
Hardship Tax Credit	10,728	12,452	10,279	15,498	16,114
Breakage	6,071	4,014	4,014	5,969	6,445
Total Track Revenues	\$182,261	\$143,669	\$117,270	\$177,111	\$183,810
Purses	\$119,170	\$148,810	\$92,922	\$173,139	\$165,283

Racetrack Trends at a Glance



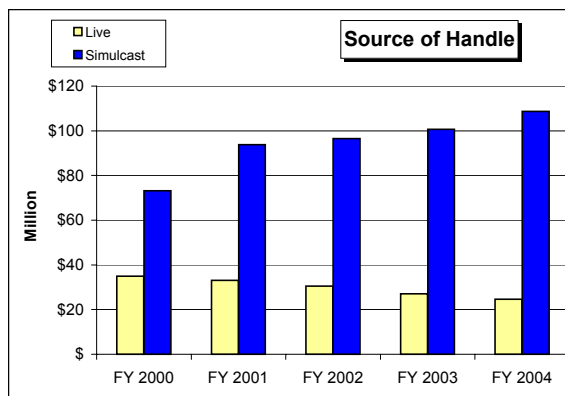
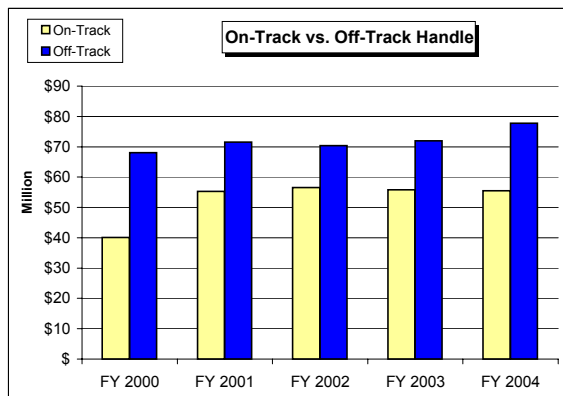
1501 West Bell Road
Phoenix, Arizona 85023

TURF PARADISE
TP Racing, L.L.L.P.

FY 2004 Racing Dates:
July 1, 2003-June 30, 2004

RACING STATISTICS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
<u>Race Days/Performances</u> (including 3 charity days)					
Live Race Days	142	150	151	152	154
Dark Day-Simulcast Only	131	198	195	196	194
Total Race Days	273	348	346	348	348
Total Live Performances	142	150	151	152	154
<u>Number of Races</u>					
Live Races	1,477	1,528	1,492	1,551	1,388
Simulcast Races	9,418	11,659	29,044	33,329	40,325
Total Number of Races	10,895	13,187	30,536	34,880	41,713
<u>Attendance</u>					
On-Track	302,065	330,615	333,776	314,606	324,061
Off-Track	364,604	381,201	371,515	374,886	408,908
Total Attendance	666,669	711,816	705,291	689,492	732,969
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$396,105	\$367,844	\$366,969	\$366,991	\$382,892
Breakdown by location					
On-Track Handle	\$40,041,977	\$55,318,801	\$56,603,892	\$55,788,355	\$55,502,312
Off-Track Handle	\$68,094,747	\$71,587,356	\$70,367,367	\$71,924,499	\$77,744,086
Breakdown by source					
Live Races	\$35,006,967	\$33,082,690	\$30,481,949	\$27,082,151	\$24,607,228
Simulcast Races	73,129,757	93,823,467	96,489,310	100,630,703	108,639,170
Total Pari-Mutuel Handle	\$108,136,724	\$126,906,157	\$126,971,259	\$127,712,854	\$133,246,398
<u>DISTRIBUTION OF REVENUES</u>					
<u>Returned to Wagering Public</u>	\$85,148,765	\$99,669,190	\$100,733,160	\$98,413,195	\$103,130,018
<u>State Pari-Mutuel Revenues</u>	\$522,442	\$661,654	\$595,011	\$528,708	\$480,282
<u>Track Mutuel Revenues</u>					
Track Commission	\$21,729,631	\$25,927,603	\$25,004,970	\$25,275,721	\$26,422,880
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement-Non Taxable	0	0	0	0	0
Charity Day	21,019	8,911	14,628	12,935	11,869
Hardship Tax Credit	156,678	0	0	0	0
Breakage	558,189	647,711	623,491	632,473	692,750
Total Track Revenues	\$22,465,517	\$26,584,225	\$25,643,089	\$25,921,129	\$27,127,499
<u>Purses</u>	\$10,580,175	\$12,895,787	\$12,934,104	\$11,878,800	\$11,834,760

Racetrack Trends at a Glance



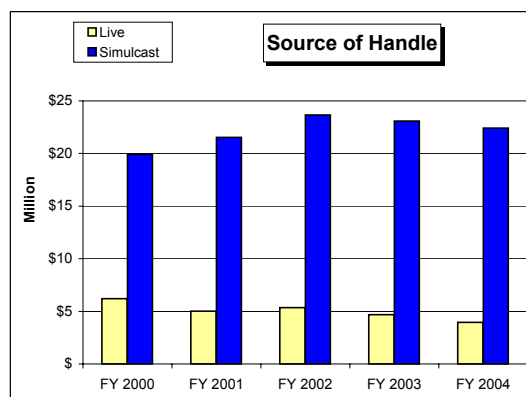
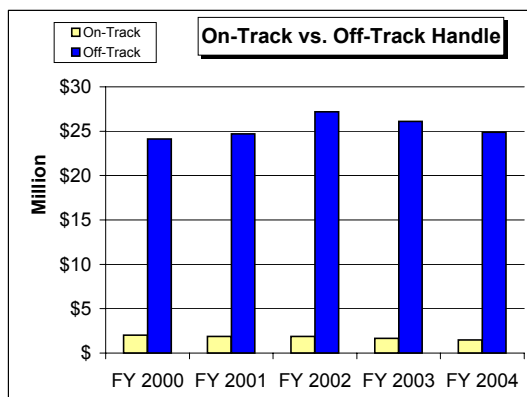
10501 Hwy. 89A
Prescott Valley, Arizona 86314

YAVAPAI DOWNS
Yavapai County Fair Association

FY 2004 Racing Dates:
July 1, 2003 - August 29, 2003
May 29, 2004 - June 30, 2004

<u>RACING STATISTICS</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
<u>Race Days/Performances</u>					
Live Race Days	48	48	51	49	45
Dark Day-Simulcast Only	42	40	40	40	38
Total Race Days	90	88	91	89	83
Total Live Performances	48	48	51	49	45
<u>Number of Races</u>					
Live Races	402	390	442	437	394
Simulcast Races	2,147	1,993	3,385	3,710	4,853
Total Number of Races	2,549	2,383	3,827	4,147	5,247
<u>Attendance</u>					
On-Track	41,584	60,617	75,599	68,863	67,193
Off-Track	112,181	153,236	141,487	137,021	134,991
Total Attendance	153,765	213,853	217,086	205,884	202,184
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$293,714	\$301,694	\$319,091	\$311,958	\$317,925
Breakdown by location					
On-Track Handle	\$2,018,767	\$1,860,586	\$1,857,466	\$1,667,955	\$1,490,003
Off-Track Handle	\$24,121,799	\$24,688,500	\$27,179,783	\$26,096,339	\$24,897,744
Breakdown by source					
Live Races	\$6,217,250	\$5,029,070	\$5,364,376	\$4,693,632	\$3,968,848
Simulcast Races	19,923,316	21,520,016	23,672,873	23,070,662	22,418,899
Total Pari-Mutuel Handle	\$26,140,566	\$26,549,086	\$29,037,249	\$27,764,294	\$26,387,747
<u>DISTRIBUTION OF REVENUES</u>					
<u>Returned to Wagering Public</u>	\$20,420,621	\$20,973,804	\$22,998,812	\$21,354,580	\$20,460,052
<u>State Pari-Mutuel Revenues</u>	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$5,460,656	\$5,336,408	\$5,775,408	\$5,512,369	\$5,282,636
Capital Improvement Rebate	117,588	100,581	107,288	93,873	79,377
Capital Improvement-Non Taxable	0	0	0	0	0
Charity Day	6,757	0	0	0	0
Hardship Tax Credit	0	0	0	0	0
Breakage	134,944	138,293	155,742	141,902	129,092
Total Track Revenues	\$5,719,945	\$5,575,282	\$6,038,438	\$5,748,144	\$5,491,104
<u>Purses</u>	\$1,782,915	\$1,808,975	\$1,947,158	\$2,038,212	\$1,954,001

Racetrack Trends at a Glance



* Prescott Downs through 2001

County Fair Racing

The Department of Racing is responsible for regulating and supervising all county fair horse racing meetings, providing staff to operate race meetings, conducting investigations, issuing licenses, conducting equine and human drug testing, overseeing wagering, conducting hearings on investigation referrals, and collecting revenues for the State.

The Department of Racing recognizes that county fair racing is an important component of the Arizona racing industry. The racing fans and general public who attend have an enjoyable time. The horse owners, grooms, jockeys, and others are able to experience a competitive environment. Local communities also benefit from the economic and entertainment value of the races. An economic impact report submitted to the Commission concluded that 36,700 fans attended county fair race events in FY 2002. In addition, this segment of the racing industry had a total economic impact of \$22.7 million. In FY 2004, the Commission approved 13 applications for county fair racing.

In FY 2004, a total of \$1.1 million was available for county fair racing activities. County fair racing is supported by the following two fund sources:

County Fair Racing. This appropriated fund, used for the administration of county fair racing, is generated by 9% of all pari-mutuel receipts, license fees, and State unclaimed property up to \$300,000 annually. In FY 2004, this fund received \$300,000, and \$300,700 was spent for the program administration.

County Fair Racing Betterment. This non-appropriated fund provides purse subsidy and betterment grants to every eligible county fair association for conducting county fair racing meetings. The fund receives 22% of all pari-mutuel receipts, license fees, and State unclaimed property up to \$800,000 annually. In FY 2004, this fund received \$800,000, and \$845,700 was distributed.

Six of the ten counties conducting a meet in FY 2004 received \$51,400 each to subsidize purses, the remaining four counties received \$46,800 each. Five counties conducted their meets at commercial tracks and did not receive funding for this purpose.

Ten counties received either \$23,050, \$37,500, or \$38,300 each in Betterment Grants last year. These funds were used for personnel, maintenance, security, emergency medical services, marketing, and other operating expenses. The five counties that conducted their racing at commercial sites were not entitled to the funds.

County Fair Racing

Betterment Payments to Counties

County	Purses	Betterment	Total
Apache County	\$46,800	\$37,500	\$84,300
Cochise County	51,400	38,300	89,700
Coconino County	51,400	37,500	88,900
Gila County	46,800	37,500	84,300
Graham County	51,400	38,300	89,700
Greenlee County	51,400	38,300	89,700
La Paz County	0	0	0
Maricopa County	0	0	0
Mohave County	51,400	38,300	89,700
Navajo County	0	0	0
Pima County	46,800	23,050	69,850
Pinal County	0	0	0
Santa Cruz County	51,400	38,300	89,700
Yavapai County	46,800	23,050	69,850
Yuma County	0	0	0
	<u>\$495,600</u>	<u>\$350,100</u>	<u>\$845,700</u>

Investigations

The Department investigates possible violations of racing laws and rules and imposes administrative sanctions on those determined to have committed violations. All races are observed and supervised to ensure that all participants comply with the rules of racing.

<u>Performance Measures</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Number of rulings issued	60	50	64
Percent of original actions upheld on appeal	100%	75%	100%
Number of investigations conducted regarding compliance with rules	9	13	19
Percentage of investigations resulting in disciplinary action	67%	62%	62%

Licensing

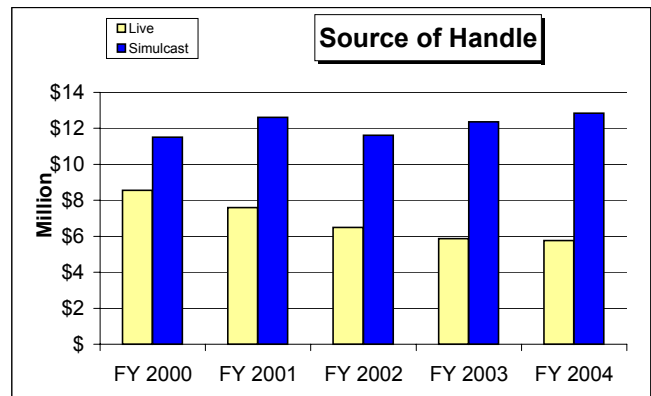
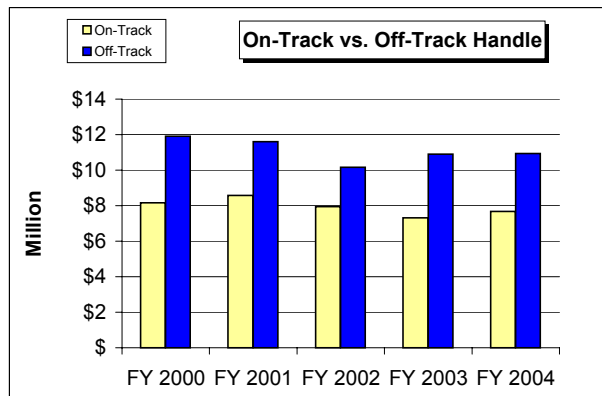
The Department issues licenses to participate in racing to those who are qualified and eligible. Licenses are denied for those who are undesirable or statutorily prohibited from participating.

<u>Performance Measures</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Number of licenses issued	553	252	420
Number of licenses denied	0	1	1
Number of investigations conducted regarding licensing	113	48	43
Percent of investigations resulting in disciplinary or enforcement action	17%	8%	20%
Percent of license denials upheld on appeal	100%	100%	100%

COUNTY FAIR TRACKS
County Fair Racing at Fairs and Commercial Tracks

<u>RACING STATISTICS</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
<u>Race Days/Performances</u>					
Live Race Days	60	61	58	60	61
Dark Day-Simulcast Only	3	2	2	2	2
Total Race Days	63	63	60	62	63
Total Live Performances	60	61	58	60	61
<u>Number of Races</u>					
Live Races	608	548	505	506	513
Simulcast Races	931	1,928	1,797	2,100	2,848
Total Number of Races	1,539	2,476	2,302	2,606	3,361
<u>Attendance</u>					
On-Track	126,611	184,014	119,043	105,907	127,759
Off-Track	58,255	63,937	53,413	57,999	58,814
Total Attendance	184,866	247,951	172,456	163,906	186,573
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$318,512	\$320,520	\$301,792	\$293,915	\$295,212
Breakdown by location					
On-Track Handle	\$8,162,815	\$8,585,254	\$7,946,073	\$7,315,128	\$7,668,089
Off-Track Handle	\$11,903,417	\$11,607,516	\$10,161,421	\$10,907,595	\$10,930,245
Breakdown by source					
Live Races	\$8,548,262	\$7,587,724	\$6,493,635	\$5,863,752	\$5,760,676
Simulcast Races	\$11,517,970	\$12,605,046	\$11,613,859	\$12,358,971	\$12,837,658
Total Pari-Mutuel Handle	\$20,066,232	\$20,192,770	\$18,107,494	\$18,222,723	\$18,598,334
<u>DISTRIBUTION OF REVENUES</u>					
<u>Returned to Wagering Public</u>	\$15,838,334	\$16,022,379	\$14,360,548	\$14,268,230	\$14,548,440
<u>State Pari-Mutuel Revenues</u>	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$4,113,807	\$4,034,598	\$3,648,741	\$3,585,323	\$3,655,009
Breakage	114,091	135,792	98,207	89,636	99,960
Total Track Revenues	\$4,227,898	\$4,170,390	\$3,746,948	\$3,674,959	\$3,754,969
<u>Purses</u>	\$2,208,003	\$2,414,331	\$3,648,741	\$1,999,776	\$2,062,074

Racetrack Trends at a Glance



County Fair Racing
Schedule and Statistics
FY 2004

	<u>Race Days</u>	<u>Live Races</u>	<u>Simulcast Races</u>	<u>Total Handle</u>	<u>Simulcast Handle</u>	<u>Attendance</u>	<u>Returned to Public</u>	<u>Track Commission</u>	<u>Breakage to Track</u>	<u>Purses</u>
Fairs at Non-Commercial Tracks										
Coconino County Fair at Flagstaff July 3, 4, 5, 6, 7, 8, 2003	6	34	244	\$1,998,685	\$1,487,143	19,764	\$1,584,477	\$399,631	\$11,507	\$149,179
Apache County Fair at St. Johns September 13, 14, 20, 21, 2003	4	32	0	47,975	0	1,735	37,328	10,169	478	50,361
Gila County Fair at Globe September 27, 28, October 4, 5, 2003	4	32	0	78,633	0	3,450	61,167	16,911	555	58,629
Greenlee County Fair at Duncan March 13, 14, 20, 21, 2004	4	35	0	88,589	0	2,035	68,858	18,998	733	65,926
Graham County Fair at Safford March 27, 28, April 3, 4, 2004	4	28	0	68,991	0	2,600	53,673	13,382	556	60,946
Cochise County Fair at Douglas April 10, 11, 17, 18, 2004	4	37	0	115,344	0	10,500	90,046	22,122	870	87,767
Santa Cruz County Fair at Sonoita April 24, 25, May 1, 2, 2004	4	36	0	187,743	0	15,295	146,130	36,250	1,608	169,669
Mohave County Fair at Kingman May 8, 9, 15, 16, 2004	4	32	0	113,394	0	3,801	88,354	21,682	1,090	61,869
Subtotal - Fairs at Non-Commercial Tracks	34	266	244	\$2,699,354	\$1,487,143	59,180	\$2,130,032	\$539,144	\$17,398	\$704,346
Fairs at Commercial Tracks										
Yavapai County Fair at Prescott Valley (Yavapai Downs) August 30, 31, September 1, 2, 2003	4	38	149	\$1,410,438	\$999,830	15,651	\$1,103,270	\$279,079	\$6,945	\$113,630
La Paz County Fair at Phoenix (Turf Paradise) January 10, 11, 17, 18, 2004	4	36	477	2,938,228	2,060,432	23,136	2,293,750	577,687	15,564	269,793
Maricopa County Fair at Phoenix (Turf Paradise) January 24, 25, 31, February 1, 2004	4	27	519	2,759,603	2,189,668	16,269	2,162,336	537,756	14,792	217,153
Pima County Fair at Tucson (Rillito Park) January 17, 18, 24, 25, 31 2004	5	38	0	336,258	0	10,318	259,318	67,436	2,779	71,496
Pinal County Fair at Phoenix (Turf Paradise) February 7, 8, 14, 15, 2004	4	36	547	3,544,995	2,564,383	23,280	2,767,081	693,665	17,675	295,584
Navajo County Fair at Phoenix (Turf Paradise) March 13, 14, 20, 21, 2004	4	36	644	3,376,967	2,472,987	24,908	2,646,640	659,542	17,015	269,755
Yuma County Fair at Prescott Valley (Yavapai Downs) May 29, 30, 31, June 1, 2004	4	36	268	1,532,491	1,063,215	13,831	1,186,015	300,700	7,791	120,318
Subtotal - Fairs at Commercial Tracks	29	247	2,604	\$15,898,980	\$11,350,515	127,393	\$12,418,408	\$3,115,865	\$82,562	\$1,357,728
Total - All County Fair Racing	63	513	2,848	\$18,598,334	\$12,837,658	186,573	\$14,548,440	\$3,655,009	\$99,960	\$2,062,074

Commercial Greyhound Racing

The Department of Racing is responsible for regulating and supervising all commercial greyhound racing meetings, conducting investigations, issuing licenses, conducting greyhound drug testing, overseeing wagering, hearing appeals of decisions, conducting hearings on investigation referrals and race incidents, collecting revenues for the State, and distributing awards to program recipients.

Investigations

The Department investigates possible violations of racing laws and rules and imposes administrative sanctions on those determined to have committed violations. All races are observed and supervised to ensure that all participants comply with the rules of racing.

<u>Performance Measures</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Number of rulings issued	164	123	122
Percent of original actions upheld on appeal	100%	25%	100%
Number of investigations conducted regarding compliance with rules	18	128	81
Percent of investigations resulting in disciplinary action	100%	14%	69%

Licensing

The Department issues licenses to participate in racing to those who are qualified and eligible. Licenses are denied for those who are undesirable or statutorily prohibited from participating.

<u>Performance Measures</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Number of licenses issued	1,567	481	582
Number of licenses denied	5	2	2
Number of investigations conducted regarding licensing	203	92	98
Percent of investigations resulting in disciplinary action	9%	10%	12%
Percent of license denials upheld on appeal	100%	100%	100%

Inspections

The Department issues licenses to greyhound farms, kennels and other operations after the facilities have been inspected and satisfied requirements.

<u>Performance Measures</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Number of facility licenses issued	44	7	5
Number of inspections conducted at facilities	168	145	37
Percent of inspections resulting in violations and disciplinary action	4%	3%	14%
Number of litter inspections	168	130	141

Commercial Greyhound Racing

Breeders' Awards

The Department encourages and promotes greyhound breeding in Arizona through the administration of and distribution to recipients of funds available through the Breeders' Awards Programs.

<u>Performance Measures</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Amount of awards	\$395,497	\$320,570	\$309,339
Percent of breeders winning awards	11%	12%	14%
Number of greyhounds earning awards	845	1,330	800
Number of registered greyhounds	6,600	7,100	8,000

Greyhound Adoption

The Department provides grants to non-profit organizations to promote the adoption of retired racing greyhounds as domestic pets. This fund receives 100% of all fees collected from licensing greyhound racing kennels, breeding farms and other operations where greyhounds are raised for racing purposes. In FY 2004, the fund received \$150.

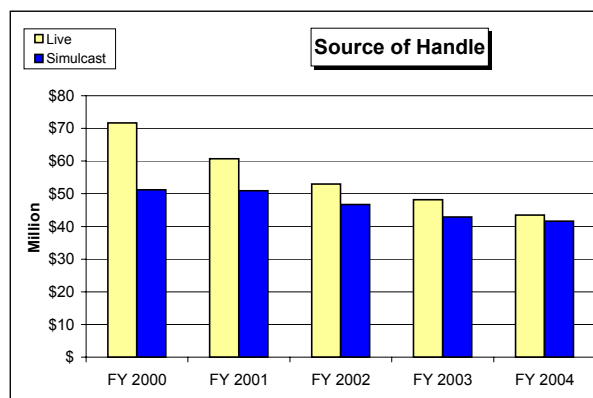
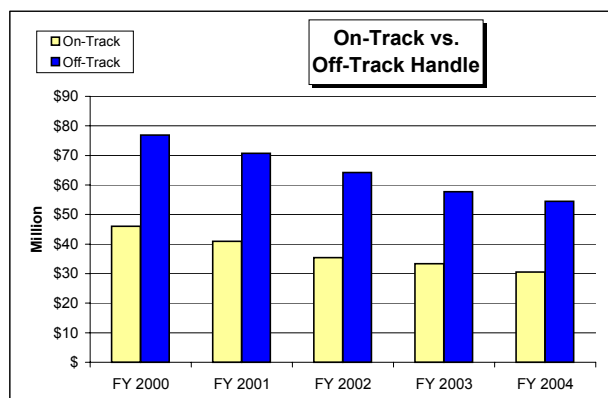
<u>Performance Measures</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Number of grants awarded	2	2	0
Amount of grants awarded	\$3,224	\$375	\$0

COMMERCIAL GREYHOUND TRACKS

Apache Greyhound, Phoenix Greyhound,
Tucson Greyhound

<u>RACING STATISTICS</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
<u>Race Days/Performances</u> (including 12 charity days)					
Live Race Days	748	721	735	710	719
Dark Day-Simulcast only	343	367	351	373	371
Total Race Days	1,091	1,088	1,086	1,083	1,090
Total Live Performances (Matinee & Evening)	786	721	739	739	719
<u>Number of Races</u>					
Live Races	11,748	11,379	11,040	10,949	10,492
Simulcast Races	162,112	173,146	178,577	190,889	218,222
Total Number of Races	173,860	184,525	189,617	201,838	228,714
<u>Attendance</u>					
On-Track	327,651	285,800	265,590	330,645	309,405
Off-Track	335,234	334,221	288,959	268,404	245,444
Total Attendance	662,885	620,021	554,549	599,049	554,849
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$112,639	\$102,609	\$91,711	\$84,125	\$78,036
Breakdown by location					
On-Track Handle	\$46,005,461	\$40,922,646	\$35,401,074	\$33,378,823	\$30,557,129
Off-Track Handle	\$76,883,474	\$70,715,907	\$64,197,607	\$57,729,004	\$54,501,568
Breakdown by source					
Live Races	\$71,632,705	\$60,752,689	\$52,932,069	\$48,214,378	\$43,430,639
Simulcast Races	51,256,230	50,885,864	46,666,612	42,893,449	41,628,058
Total Pari-Mutuel Handle	\$122,888,935	\$111,638,553	\$99,598,681	\$91,107,827	\$85,058,697
<u>DISTRIBUTION OF REVENUES</u>					
<u>Returned to Wagering Public</u>	\$94,527,130	\$85,940,817	\$76,021,553	\$69,554,238	\$65,060,502
<u>State Pari-Mutuel Revenues</u>	\$2,022,163	\$1,165,011	\$162,651	\$99,856	\$84,909
<u>Track Mutuel Revenues</u>					
Track Commission	\$23,456,958	\$22,007,836	\$20,308,368	\$18,241,835	\$17,155,485
Capital Improvement Rebate	650,736	524,191	454,625	154,717	0
Capital Improvement Non-Taxable	395,587	368,886	339,609	116,933	0
Capital Improvement AGP Non-Taxable	(448)	0	0	0	0
Charity Days-Revenues Withheld	61,643	52,546	48,669	56,725	58,026
Hardship Tax Credit	807,910	1,230,762	1,890,931	2,215,439	2,245,751
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	446,711	348,503	345,257	266,103	246,844
Total Track Revenues	\$25,819,097	\$24,532,724	\$23,387,459	\$21,051,752	\$19,706,106
<u>Purses</u>	\$6,303,401	\$6,322,136	\$5,564,391	\$4,752,755	\$4,481,327

Racetrack Trends at a Glance



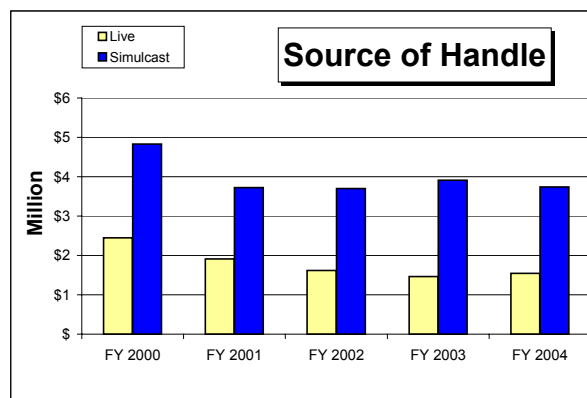
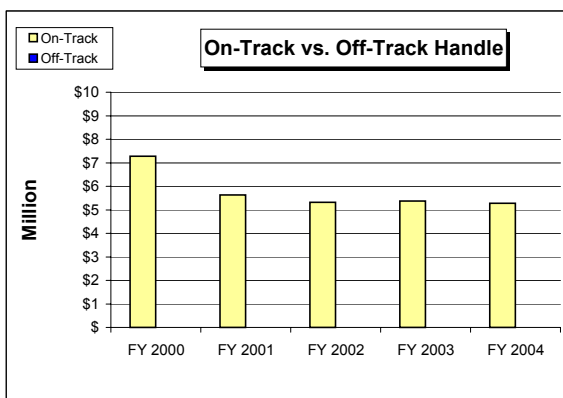
2551 West Apache Trail
Apache Junction, Arizona 85220

APACHE GREYHOUND PARK
American Greyhound Racing, Inc.

FY 2004 Racing Dates:
July 1, 2003-June 30, 2004

<u>RACING STATISTICS</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
<u>Race Days/Performances</u> (including 3 charity days)					
Live Race Days	73	69	69	52	56
Dark Day-Simulcast only	291	294	293	310	308
Total Race Days	364	363	362	362	364
Total Live Performances (Matinee & Evening)	73	69	69	52	56
<u>Number of Races</u>					
Live Races	1,165	1,123	932	774	834
Simulcast Races	53,437	52,035	56,843	59,484	60,250
Total Number of Races	54,602	53,158	57,775	60,258	61,084
<u>Attendance</u>					
On-Track	70,756	38,290	42,600	127,819	126,750
Off-Track	0	0	0	0	0
Total Attendance	70,756	38,290	42,600	127,819	126,750
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$19,984	\$15,535	\$14,684	\$14,846	\$14,511
Breakdown by location					
On-Track Handle	\$7,274,183	\$5,639,221	\$5,315,494	\$5,374,389	\$5,281,988
Off-Track Handle	\$0	\$0	\$0	\$0	\$0
Breakdown by source					
Live Races	\$2,448,873	\$1,911,793	\$1,619,524	\$1,461,493	\$1,544,305
Simulcast Races	4,825,310	3,727,428	3,695,970	3,912,896	3,737,683
Total Pari-Mutuel Handle	\$7,274,183	\$5,639,221	\$5,315,494	\$5,374,389	\$5,281,988
<u>DISTRIBUTION OF REVENUES</u>					
<u>Returned to Wagering Public</u>	\$5,587,770	\$4,399,937	\$4,071,255	\$4,092,042	\$4,103,541
<u>State Pari-Mutuel Revenues</u>	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$1,504,039	\$1,113,932	\$1,126,627	\$1,135,328	\$1,103,296
Capital Improvement Rebate	48,977	38,236	32,390	0	0
Capital Improvement Non-Taxable	96,506	74,549	73,904	27,383	0
Capital Improvement AGP Non-Taxable	(145,484)	(112,784)	(106,310)	(27,383)	0
Charity Days-Revenues Withheld	5,965	4,958	3,532	4,710	4,418
Hardship Tax Credit	128,723	100,191	85,542	75,362	80,519
AGP-Hardship Tax (Transferred to PGP)	(36,130)	0	0	0	0
Breakage	30,437	20,203	27,789	17,158	18,363
Total Track Revenues	\$1,633,033	\$1,239,285	\$1,243,474	\$1,232,558	\$1,206,597
Purses	\$482,419	\$382,432	\$169,194	\$278,658	\$255,152

Racetrack Trends at a Glance



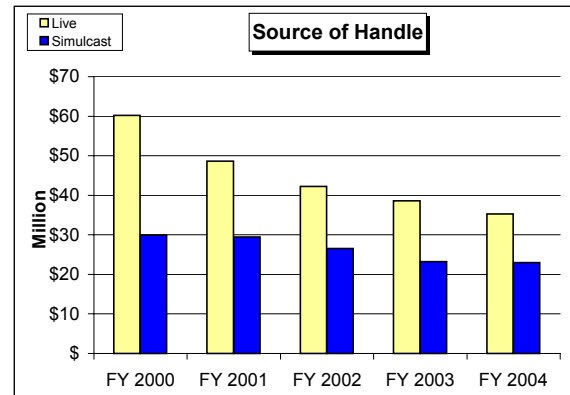
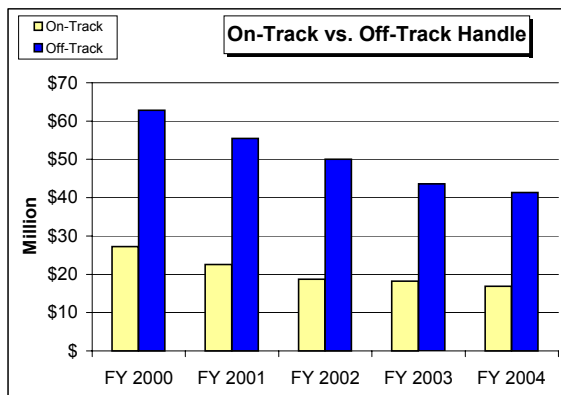
3801 East Washington Street
Phoenix, Arizona 85036

PHOENIX GREYHOUND PARK
American Greyhound Racing, Inc. and Western Racing, Inc.

FY 2004 Racing Dates:
July 1, 2003-June 30, 2004

<u>RACING STATISTICS</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
<u>Race Days/Performances</u> (including 9 charity day)					
Live Race Days	362	337	354	349	352
Dark Day-Simulcast only	2	26	8	10	11
Total Race Days	364	363	362	359	363
Total Live Performances (Matinee & Evening)	401	337	358	378	352
<u>Number of Races</u>					
Live Races	5,871	5,333	5,174	5,486	5,169
Simulcast Races	44,419	47,383	46,694	57,608	74,579
Total Number of Races	50,290	52,716	51,868	63,094	79,748
<u>Attendance</u>					
On-Track	191,499	180,723	157,522	148,984	133,309
Off-Track	261,018	234,716	197,407	183,820	165,126
Total Attendance	452,517	415,439	354,929	332,804	298,435
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$247,484	\$214,957	\$190,044	\$172,202	\$160,503
Breakdown by location					
On-Track Handle	\$27,268,555	\$22,547,761	\$18,742,278	\$18,182,026	\$16,906,712
Off-Track Handle	\$62,815,468	\$55,481,483	\$50,053,671	\$43,638,503	\$41,355,918
Breakdown by source					
Live Races	\$60,175,923	\$48,595,503	\$42,224,319	\$38,568,181	\$35,263,900
Simulcast Races	\$29,908,100	\$29,433,741	\$26,571,630	\$23,252,348	\$22,998,730
Total Pari-Mutuel Handle	\$90,084,023	\$78,029,244	\$68,795,949	\$61,820,529	\$58,262,630
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$69,435,014	\$60,237,048	\$52,487,648	\$46,744,353	\$44,174,254
State Pari-Mutuel Revenues	\$2,022,163	\$1,165,011	\$162,651	\$99,856	\$84,909
<u>Track Mutuel Revenues</u>					
Track Commission	\$16,997,315	\$14,875,989	\$13,737,588	\$11,967,747	\$11,362,412
Capital Improvement Rebate	601,759	485,955	422,235	154,717	0
Capital Improvement Non-Taxable	299,081	294,337	265,705	89,550	0
Capital Improvement AGP Non-Taxable	145,036	112,784	106,310	27,383	0
Charity Days-Revenues Withheld	55,678	47,588	45,137	52,015	53,609
Hardship Tax Credit	185,962	567,075	1,305,647	1,689,918	1,800,998
AGP-Hardship Tax (Transferred to PGP)	36,130	0	0	0	0
Breakage	342,016	243,455	246,051	187,772	175,420
Total Track Revenues	\$18,662,977	\$16,627,183	\$16,128,673	\$14,169,102	\$13,392,439
Purses	\$4,665,210	\$3,952,833	\$3,570,784	\$3,317,197	\$3,188,597

Racetrack Trends at a Glance



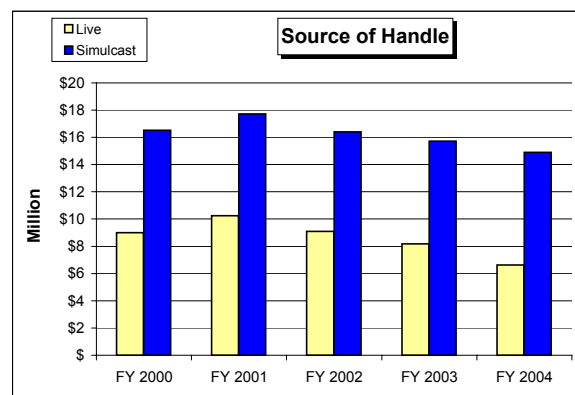
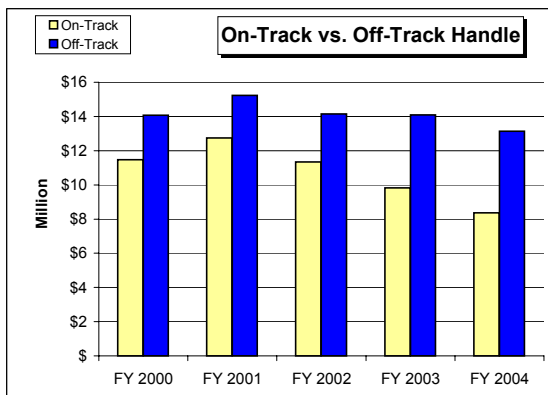
2601 South Third Avenue
Tucson, Arizona 85713

TUCSON GREYHOUND PARK
Tucson Greyhound Park, Inc.

FY 2004 Racing Dates:
July 1, 2003-June 30, 2004

<u>RACING STATISTICS</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
<u>Race Days/Performances</u>					
Live Race Days	313	315	312	309	311
Dark Day-Simulcast only	50	47	50	53	52
Total Race Days	363	362	362	362	363
Total Live Performances (Matinee & Evening)	312	315	312	309	311
<u>Number of Races</u>					
Live Races	4,712	4,923	4,934	4,689	4,489
Simulcast Races	64,256	73,728	75,040	73,797	83,393
Total Number of Races	68,968	78,651	79,974	78,486	87,882
<u>Attendance</u>					
On-Track	65,396	66,787	65,468	53,842	49,346
Off-Track	74,216	99,505	91,552	84,584	80,318
Total Attendance	139,612	166,292	157,020	138,426	129,664
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$70,333	\$77,265	\$70,407	\$66,058	\$59,267
Breakdown by location					
On-Track Handle	\$11,462,723	\$12,735,664	\$11,343,302	\$9,822,408	\$8,368,429
Off-Track Handle	\$14,068,006	\$15,234,424	\$14,143,936	\$14,090,501	\$13,145,650
Breakdown by source					
Live Races	\$9,007,909	\$10,245,393	\$9,088,226	\$8,184,704	\$6,622,434
Simulcast Races	16,522,820	17,724,695	16,399,012	15,728,205	14,891,645
Total Pari-Mutuel Handle	\$25,530,729	\$27,970,088	\$25,487,238	\$23,912,909	\$21,514,079
Returned to Wagering Public	\$19,504,346	\$21,303,832	\$19,462,650	\$18,717,843	\$16,782,707
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$4,955,604	\$6,017,915	\$5,444,153	\$5,138,760	\$4,689,776
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	0	0	0	0	0
Hardship Tax Credit	493,225	563,496	499,742	450,159	364,234
Breakage	74,258	84,845	71,417	61,173	53,061
Total Track Revenues	\$5,523,087	\$6,666,256	\$6,015,312	\$5,650,092	\$5,107,071
Purses	\$1,155,772	\$1,986,871	\$1,824,413	\$1,156,900	\$1,037,578

Racetrack Trends at a Glance



Teletracking

The Department of Racing has the authority to approve applications for teletracking (off-track betting) permits, license teletracking sites and their personnel, and monitor compliance for both operational and technical requirements. Coconino County Racing (Fort Tuthill Downs) and TP Racing, L.L.L.P. (Turf Paradise) filed the only teletracking applications approved by the Department in FY 2004. Other permittees have three-year term permits that expire at a later date. A total of 75 off-track-betting sites were approved to support both greyhound and horse racing in Arizona.

The total handle generated by commercial and county fair racing for teletracking was \$168.1 million. This included \$113.6 million for horse racing and \$54.5 million for greyhound racing. The State of Arizona received \$340,496 in revenue from the teletracking handle.

The handle at teletracking facilities was up during FY 2004, 1.0% from the prior year. The Table below summarizes the teletrack handle generated by commercial and county fair meets.

Teletrack Handle

Track	FY 2003	FY 2004
Turf Paradise	\$71,924,499	\$77,744,186
Phoenix Greyhound Park	43,626,042	41,363,291
Yavapai Downs	25,946,765	24,896,743
Tucson Greyhound Park	14,074,195	13,170,992
Turf Paradise (Fair Meets)	6,652,409	6,684,106
Yavapai Downs (Fair Meets)	2,511,061	2,563,940
Fort Tuthill Downs (Fair Meet)	1,744,125	1,682,199
Rillito Park	0	0
TOTAL	\$166,479,096	\$168,105,457

TELETRACKING ACTIVITY - COMMERCIAL HORSE MEETS

City	Site	YAVAPAI DOWNS			TURF PARADISE		
		Handle	Revenue	Performances	Handle	Revenue	Performances
AHWATUKEE	GRACE INN	\$755,757	-	54	\$0	\$0	0
AHWATUKEE	PAYTON'S PLACE	\$100,340	-	29	532,274	1,919	140
APACHE JUNCTION	APACHE GREYHOUND PARK	706,462	-	83	2,702,078	9,743	250
APACHE JUNCTION	ARIZONA JOE'S	270,556	-	83	914,712	3,298	251
BISBEE	BREWERY STEAKHOUSE	23,334	-	29	175,180	632	218
CASA GRANDE	MCMASHER'S SPORTS BAR	264,310	-	83	831,917	3,000	250
CAVE CREEK	SATISFIED FROG	334,583	-	83	1,049,893	3,786	250
CHANDLER	DIRTY DRUMMER	1,121,406	-	83	3,707,645	13,368	250
CHANDLER	STADIUM CLUB	1,085,336	-	83	3,068,918	11,065	251
COTTONWOOD	ZOOMER'S	107,251	-	29	749,845	2,704	232
FLAGSTAFF	CILANTRO'S RESTAURANT	0	-	0	42,849	154	25
FLAGSTAFF	MUSEUM CLUB	337,759	-	69	974,418	3,513	267
GLENDALE	MAX'S SPORTS BAR	1,078,974	-	83	3,793,264	13,677	250
GOODYEAR	ROMAN'S OASIS	142,679	-	83	382,440	1,379	250
GREEN VALLEY	GREEN VALLEY LANES	22,168	-	22	0	0	0
KINGMAN	ABC RESTAURANT	173,341	-	83	449,514	1,621	250
LAKE HAVASU CITY	GALLAGHER'S AGAIN	338,670	-	83	1,148,700	4,142	251
MARANA	SILVERADO STEAKHOUSE	618,793	-	83	1,748,626	6,305	248
NEW RIVER	NEW RIVER STATION	117,086	-	83	518,196	1,868	251
NOGALES	WILD WEST	56,892	-	53	146,820	529	164
PARKER	STROKES	79,671	-	82	320,019	1,154	249
PAYSON	FAMOUS SAM'S	169,321	-	83	482,479	1,740	251
PEORIA	GRAND INN	724,843	-	83	2,456,828	8,858	254
PEORIA	MCDUFFY'S WEST	208,219	-	29	1,420,429	5,122	231
PHOENIX	AMERICAN LEGION #7	771,148	-	83	2,437,307	8,788	248
PHOENIX	ARMADILLO GRILL	302,938	-	29	1,771,349	6,387	168
PHOENIX	BRENNAN'S	1,606,595	-	81	6,366,066	22,954	249
PHOENIX	FINAL SCORE SPORTS GRILL	643,351	-	83	1,829,023	6,595	251
PHOENIX	GALLAGHER'S	245,215	-	29	731,456	2,637	96
PHOENIX	HAM'S RESTAURANT	148,602	-	29	234,590	846	58
PHOENIX	NORTH STAR RESTAURANT	927,407	-	83	2,590,732	9,341	250
PHOENIX	PADRE MURPHY'S	1,589,503	-	83	4,718,483	17,013	251
PHOENIX	RASCALS	316,054	-	21	0	0	0
PHOENIX	ROMAN'S COUNTY LINE	591,728	-	83	2,048,251	7,385	250
PHOENIX	THE ORIGINAL TOMMY'S	125,916	-	18	0	0	0
PHOENIX	TURF PARADISE	572,876	-	45	0	0	0
PRESCOTT	MATT'S SALOON	211,062	-	83	674,229	2,431	250
PRESCOTT VALLEY	ANTELOPE LANES	291,427	-	83	804,582	2,901	248
PRESCOTT VALLEY	YAVAPAI DOWNS	0	-	0	539,111	1,944	245
QUARTZSITE	QUARTZSITE YACHT CLUB	118,926	-	81	519,980	1,875	249
ROCK SPRINGS	ROCK SPRINGS CAFE	157,540	-	83	516,495	1,862	250
SAFFORD	CHALO'S LA CASA REYNOSO	320,337	-	75	765,786	2,761	237
SCOTTSDALE	CASINO ARIZONA	289,336	-	29	0	0	0
SHOW LOW	RT'S BLACK BULL	312,515	-	83	447,360	1,613	249
SIERRA VISTA	P.C.'S LOUNGE	374,302	-	83	1,267,087	4,569	251
SURPRISE	RUNNER'S SPORTS BAR	337,457	-	83	1,282,535	4,624	250
TEMPE	DERBY GRILL	149,288	-	29	617,708	2,227	151
TEMPE	HORSE & HOUND-BROADWAY	1,115,685	-	83	4,042,426	14,576	251
TEMPE	MCDUFFY'S SPORTS BAR	766,684	-	78	2,678,315	9,657	250
TEMPE	SKIP & JAN'S	304,650	-	29	1,796,621	6,478	181
TUCSON	AIRPORT INN	161,114	-	83	386,753	1,394	249
TUCSON	BRAT'S GRILL	8,671	-	21	29,156	105	51
TUCSON	FAMOUS SAM'S-CENTRAL	217,210	-	83	829,518	2,991	250
TUCSON	FAMOUS SAM'S-EAST	201,800	-	83	618,789	2,231	250
TUCSON	FAMOUS SAM'S-SOUTH	23,320	-	27	20,801	75	27
TUCSON	GOLDEN PIN LANES	583,952	-	83	1,796,289	6,477	250
TUCSON	JEFF'S PUB	465,853	-	83	1,559,523	5,623	250
TUCSON	KAPPY'S RESTAURANT	169,843	-	54	221,801	800	48
TUCSON	MAVERICK KING OF CLUBS	102,451	-	25	399,637	1,441	80
TUCSON	RILLITO PARK	0	-	0	66,230	239	4
TUCSON	TUCSON GREYHOUND PARK	905,333	-	83	2,528,661	9,117	250
WICKENBERG	UP YOUR ALLEY	136,931	-	83	420,378	1,516	250
YUMA	FAMOUS SAM'S	322,711	-	29	2,424,626	8,742	250
YUMA	YUMA GREYHOUND PARK	169,261	-	54	119,850	432	29
Sub-Total		\$24,896,743	-	3,918	\$77,718,548	\$280,226	12,154
County Fairs							
ST. JOHNS	APACHE COUNTY FAIR	-	-	-	11,282	-	4
SONOITA	SANTA CRUZ COUNTY FAIR	-	-	-	14,356	-	4
Sub-Total		-	-	-	25,638	-	8
TOTAL		\$24,896,743	-	3,918	\$77,744,186	\$280,226	12,162

TELETRACKING ACTIVITY - COUNTY FAIR MEETS

		FORT TUTHILL DOWNS		YAVAPAI DOWNS		TURF PARADISE	
		(Coconino)		(Yavapai & Yuma)		(La Paz, Maricopa Navajo and Pinal)	
City	Site	Handle	Performances	Handle	Performances	Handle	Performances
AHWATUKEE	GRACE INN	58,422	6	75,582	4	-	-
AHWATUKEE	PAYTON'S PLACE	-	-	18,683	4	69,278	16
APACHE JUNCTION	APACHE GREYHOUND PARK	47,099	6	84,319	8	228,546	16
APACHE JUNCTION	ARIZONA JOE'S	15,393	6	30,003	8	88,183	16
BISBEE	BREWERY STEAKHOUSE	-	-	4,032	4	25,178	16
CASA GRANDE	MCMASHER'S SPORTS BAR	23,443	6	18,057	8	79,060	16
CAVE CREEK	SATISFIED FROG	28,170	6	32,671	8	115,390	16
CHANDLER	DIRTY DRUMMER	73,970	6	106,742	8	280,164	16
CHANDLER	STADIUM CLUB	66,197	6	100,938	8	249,270	16
COTTONWOOD	ZOOMER'S SPORTS BAR	-	-	12,711	4	68,362	15
FLAGSTAFF	MUSEUM CLUB	24,074	6	18,479	4	61,974	16
FLAGSTAFF	CILANTRO'S RESTAURANT	-	-	-	-	9,111	4
GLENDALE	MAX'S SPORTS BAR	67,652	6	104,124	8	303,862	16
GOODYEAR	ROMAN'S OASIS	8,304	6	8,688	8	50,530	16
GREEN VALLEY	GREEN VALLEY LANES	1,089	3	1,354	1	-	-
KINGMAN	ABC RESTAURANT	20,507	6	16,748	8	50,605	16
LAKE HAVASU CITY	GALLAGHER'S AGAIN	23,691	6	35,065	8	90,795	16
MARANA	SILVERADO STEAKHOUSE	48,842	6	76,433	8	154,968	16
NEW RIVER	NEW RIVER STATION	6,708	6	13,627	8	29,488	16
NOGALES	WILD WEST	7,761	6	3,139	4	17,712	12
PARKER	STROKES	9,624	6	11,971	8	27,600	16
PAYSON	FAMOUS SAM'S	14,069	6	22,216	8	53,459	16
PEORIA	GRAND INN	48,495	6	38,794	4	210,271	16
PEORIA	MCDUFFY'S SPORTS BAR	-	-	-	-	116,340	16
PHOENIX	ARMADILLO GRILL	-	-	34,660	4	208,511	16
PHOENIX	AMERICAN LEGION #7	40,951	6	95,340	8	208,926	16
PHOENIX	BRENNAN'S	91,814	5	162,675	8	452,047	16
PHOENIX	FINAL SCORE SPORTS GRILL	37,321	6	56,844	8	162,978	16
PHOENIX	GALLAGHER'S	-	-	38,432	4	35,088	4
PHOENIX	HAM'S RESTAURANT	-	-	16,097	4	-	-
PHOENIX	NORTH STAR RESTAURANT	47,227	6	84,852	8	175,076	16
PHOENIX	PADRE MURPHY'S	116,467	6	154,145	8	391,020	16
PHOENIX	RASCAL'S	114,789	6	-	-	-	-
PHOENIX	ROMAN'S COUNTY LINE	41,489	6	62,122	8	190,241	16
PHOENIX	THE ORIGINAL TOMMY'S	63,035	6	-	-	-	-
PHOENIX	TURF PARADISE	43,584	4	125,926	8	-	-
PRESCOTT	MATT'S SALOON	14,208	6	25,876	8	43,399	16
PRESCOTT VALLEY	ANTELOPE LANES	26,290	6	25,088	8	66,305	16
PRESCOTT VALLEY	YAVAPAI DOWNS	17,427	4	-	-	48,265	14
QUARTZSITE	QUARTZSITE YACHT CLUB	-	-	11,651	8	73,739	16
ROCK SPRINGS	ROCK SPRINGS CAFE	10,362	6	10,119	8	44,708	16
SAFFORD	CHALO'S LA CASA REYNOSO	19,657	4	32,524	7	55,307	16
SCOTTSDALE	CASINO ARIZONA	-	-	45,699	4	-	-
SHOW LOW	RT'S BLACK BULL	16,232	6	23,010	6	33,813	16
SIERRA VISTA	P.C.'S LOUNGE	28,295	6	46,112	8	84,649	16
SURPRISE	RUNNER'S SPORTS BAR	23,582	6	26,664	8	98,368	16
TEMPE	DERBY GRILL	-	-	28,968	4	85,190	16
TEMPE	HORSE & HOUND-BROAD'Y	68,991	6	113,210	8	315,712	16
TEMPE	MCDUFFY'S SPORTS BAR	44,951	4	75,029	8	178,747	16
TEMPE	SKIP & JAN'S	-	-	55,836	4	223,574	16
TUCSON	AIRPORT INN	4,749	6	14,858	8	25,532	16
TUCSON	BRAT'S BAR & GRILL	-	-	120	1	1,710	4
TUCSON	FAMOUS SAM'S-EAST	12,140	6	25,569	8	59,188	16
TUCSON	FAMOUS SAM'S-CENTRAL	12,679	6	16,132	8	81,004	16
TUCSON	FAMOUS SAM'S-SOUTH	-	-	692	3	-	-
TUCSON	GOLDEN PIN LANES	44,612	6	52,168	8	134,789	16
TUCSON	JEFF'S PUB	34,907	6	40,012	8	120,525	16
TUCSON	KAPPY'S RESTAURANT	13,568	6	15,626	4	-	-
TUCSON	MAVERICK KING OF CLUBS	-	-	8,966	2	18,293	4
TUCSON	RILLITO PARK	-	-	-	-	142,747	10
TUCSON	TUCSON GREYHOUND PARK	70,923	6	108,102	8	212,177	16
WICKENBERG	UP YOUR ALLEY	8,078	6	10,432	8	27,440	16
YUMA	FAMOUS SAM'S	-	-	64,706	4	304,892	16
YUMA	YUMA GREYHOUND PARK	20,361	6	21,302	4	-	-
TOTAL		\$1,682,199	270	\$2,563,940	372	\$6,684,106	803

TELETRACKING ACTIVITY - GREYHOUND MEETS

PHOENIX GREYHOUND PARK

City	Site	Handle	Revenue	Performances
APACHE JUNCTION	APACHE GREYHOUND PARK	\$1,437,826	\$2,095	362
CASA GRANDE	MCMASHER'S SPORTS BAR	665,228	\$969	348
CAVE CREEK	SATISFIED FROG	390,357	\$569	257
CHANDLER	GALLAGHER'S	646,218	\$942	362
CHANDLER	DIRTY DRUMMER	2,337,234	\$3,406	362
CHANDLER	STADIUM CLUB	1,899,065	\$2,767	362
FLAGSTAFF	JOE'S PLACE	30,125	\$44	13
GLENDALE	MAX'S SPORTS BAR	5,938,213	\$8,653	362
KINGMAN	DAMBAR & STEAKHOUSE	281,527	\$410	199
LITCHFIELD PARK	LIGHTHOUSE RESTAURANT	2,703,610	\$3,939	362
NEW RIVER	NEW RIVER STATION	21,377	\$31	45
PEORIA	GALLAGHER'S	1,211,272	\$1,765	362
PEORIA	GRAND INN	2,188,432	\$3,189	362
PHOENIX	BIG DADDY'S	1,148,998	\$1,674	362
PHOENIX	BRENNAN'S	2,532,830	\$3,691	358
PHOENIX	BRENNAN'S PUB & GRUB	1,177,066	\$1,715	360
PHOENIX	GALLAGHER'S	1,431,501	\$2,086	362
PHOENIX	HAM'S RESTAURANT	1,044,130	\$1,521	334
PHOENIX	METRO SPORTS BAR	712,593	\$1,038	224
PHOENIX	PADRE MURPHY'S	5,584,352	\$8,137	362
PRESCOTT VALLEY	PLAZA BOWL	371,878	\$542	308
SCOTTSDALE	CASINO ARIZONA	2,300,671	\$3,352	287
SIERRA VISTA	COCHISE HEALTH & RACQUET	617,150	\$899	304
SURPRISE	RUNNER'S SPORTS BAR	32,086	\$47	42
TEMPE	BOSTON'S BAR & GRILLE	172,171	\$251	136
TEMPE	DERBY GRILL & PUB	229,963	\$335	96
TEMPE	HORSE & HOUND-OFF BROADWAY	1,624,985	\$2,368	362
TEMPE	MCDUFFY'S SPORTS BAR	1,007,986	\$1,469	355
TEMPE	SKIP & JAN'S	877,585	\$1,279	362
YUMA	YUMA GREYHOUND PARK	746,862	\$1,088	244
SUB-TOTAL		\$41,363,291	\$60,270	8,616

TUCSON GREYHOUND PARK

City	Site	Handle	Revenue	Performances
GREEN VALLEY	GREEN VALLEY LANES	35,169	-	28
MARANA	SILVERADO STEAKHOUSE	1,647,610	-	361
TUCSON	AIRPORT INN	821,257	-	361
TUCSON	BRAT'S GRILL	99,294	-	108
TUCSON	FAMOUS SAM'S - CENTRAL	1,418,478	-	362
TUCSON	FAMOUS SAM'S - EAST	1,946,176	-	362
TUCSON	FAMOUS SAM'S - SOUTH	135,666	-	64
TUCSON	GOLDEN PIN LANES	2,932,362	-	362
TUCSON	JEFF'S PUB	3,333,432	-	362
TUCSON	MAVERICK KING OF CLUBS	432,301	-	109
TUCSON	KAPPY'S	369,247	-	112
SUB-TOTAL		\$13,170,992	-	2,591
TOTAL		\$54,534,283	\$60,270	11,207

Racing Regulation

The Department of Racing's regulatory responsibilities ensure that all participants and permittees involved in commercial horse racing, greyhound racing, and county fair horse racing operate and perform in compliance with applicable Arizona statutes, rules and regulations. This is accomplished through the investigation and licensing activities of the Department.

Licensing

The Department processes and investigates all license applications in a timely manner while ensuring only those eligible receive licenses.

<u>Performance Measures</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Number of licenses issued	6,058	2,638	4,164
Number of licenses denied	13	9	9

Civil Penalties/Fines

The Boards of Stewards have the authority to impose penalties and fines up to a maximum of a 60-day suspension and/or \$500. The Director has the authority to affirm, reverse or modify the Stewards' Rulings, including license revocation.

<u>Performance Measures</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Number of disciplinary actions	778	709	743
Percent total licensees with disciplinary action	7%	5%	11%
Amount of fines imposed	\$60,740	\$50,645	\$60,255
Amount of fines collected	\$56,315	\$50,748	\$42,930

Stewards Rulings by Track

<u>Track</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Turf Paradise	370	341	372
Yavapai Downs	163	173	167
Rillito Park	21	22	26
All County Fairs	60	50	56
Apache Greyhound Park	16	22	11
Phoenix Greyhound Park	35	44	45
Tucson Greyhound Park	113	57	66
Total	778	709	743

Racing Regulation

Director's Rulings

The Director may conduct hearings of appeals or Stewards' referrals or may assign a case that has been appealed or referred to the Arizona Office of Administrative Hearings. The Administrative Law Judge provides the Director findings of fact, conclusions of law and a proposed order. The Director may accept or modify any decision proposed by the Judge. The table below summarizes hearings and cases by the Director, the Office of Administrative Hearings, and the Racing Commission.

<u>Summary of Hearings and Orders</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Director's Hearings	116	112	191
Referrals	106	110	168
Appeals	10	25	15
Administrative Law Judge Hearings	12	23	4
Racing Commission Hearings	3	7	4
Cases Withdrawn/Dismissed	13	28	8
Total Number of Hearings	131	135	199
Total Number of Director's Orders*	185	200	244

* (Includes orders for action taken not requiring a hearing, i.e. stays, reinstatements, cases dismissed, etc.)

Investigations

The Department investigates all possible violations of racing laws and rules. In addition, investigations are conducted in connection with license applications.

<u>Performance Measures</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Number of Investigations Regarding Violations	175	319	380
Percentage of Investigations Resulting in Disciplinary Action	73%	51%	51%
Number of Investigations Regarding Licensing	904	482	478
Percentage of Investigations Resulting in Disciplinary Action	16%	13%	23%

Types of Investigations

<u>Offenses</u>	<u>Total</u>	<u>Denied</u>	<u>Referred</u>	<u>Pending</u>	<u>Warning</u>	<u>No Violation</u>
Criminal Records Received	188	0	91	4	0	97
Inspection-Kennels	37	0	10	0	10	0
Interviews	108	0	0	0	0	0
False Application	88	0	88	4	0	0
Human Drug Testing	41	0	20	5	0	21
Animal Drug Testing	59	0	59	0	0	0
Horse Rule Violation	280	132	312	0	0	129
Miscellaneous	36	0	0	0	0	36
Undesirables	3	0	3	0	0	0
Greyhound Rule Violation	81	0	16	0	0	0
Possession of Contraband	12	0	12	2	0	0
Criminal Violation	18	0	18	7	0	0
Illegal Gambling	0	0	0	0	0	0
Total	951	0	449	22	10	283

Racing Regulation

Drug/Alcohol Abuse Investigations

The Department of Racing is authorized to require persons licensed to submit to testing when there is reason to believe they may be under the influence of or unlawfully in possession of any prohibited substance regulated by Title 13, Chapter 34, or has consumed alcohol in violation of A.A.C. R19-2-112(8) or (10) or R19-2-311(9).

Testing Summary

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Human Drug Tests	36	45	41
Positive Drug Tests	6	4	9
Licensee Refused to Test	4	6	11
Percent Positive	28%	22%	21%
Breath/Alcohol Tests	2	5	1
Positive Breath/Alcohol Tests	1	2	1
Percent Positive	50%	40%	100%

Equine & Canine Drug Testing

The Department contracts with independent laboratories for the analysis of equine urine and blood samples and canine urine samples. This analysis is required to enforce the rules of racing that prohibit animals from racing while under the influence of foreign substances. .

Testing Summary

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Equine Drug Testing			
Number positive equine drug tests	38	40	44
Percent positive equine drug tests	1.6%	1.6%	1.4%
Canine Drug Testing			
Number positive canine tests	2	2	1
Percent positive canine tests	.02%	.03%	.02%
Totals			
Total Positive tests	40	42	45
Percent Total positive tests	0.30%	0.50%	0.55%

LICENSE BY CATEGORY

CATEGORY	HORSE					GREYHOUNDS					GRAND TOTAL
	TURF PARADISE	YAVAPAI DOWNS	COUNTY FAIR	RILLITO PARK	TOTAL	PHOENIX	APACHE	TUCSON	RBO	TOTAL	
1 YR CONCESSION	0	0	0	0	0	0	0	0	0	0	0
1 YR MUTUEL	0	0	0	0	0	0	0	0	0	0	0
1 YR PEACE OFFICER	0	0	0	0	0	0	0	0	0	0	0
3 YR COOLOUT	0	0	0	0	0	13	5	9	0	27	27
3 YR MUTUEL	109	51	49	5	214	60	0	34	0	94	308
3 YR PEACE OFFICER	0	0	4	0	4	0	0	0	0	0	4
APPRENTICE JOCKEY	4	1	0	1	6	0	0	0	0	0	6
ASSISTANT STARTER	2	8	1	1	12	0	0	0	0	0	12
ASSISTANT TRAINER	11	3	0	2	16	9	1	2	0	12	28
AUTH. AGENT-FULL	1	2	1	2	6	0	0	0	0	0	6
AUTH. AGENT-PARTIAL	119	27	2	2	150	2	0	7	0	9	159
BREED FARM/OTHER OP	0	0	0	0	0	0	0	0	1	1	1
COMBINATION OPER	0	0	0	0	0	0	0	0	1	1	1
DUPLICATE/NO FEE	1	0	0	0	1	0	0	0	0	0	1
EXERCISE RIDER	70	32	8	8	118	0	0	0	0	0	118
FACILITY MGR/AGENT	0	0	0	0	0	0	0	0	0	0	0
GROOM	182	91	31	35	339	0	0	0	0	0	339
INELIGIBLE	4	2	1	0	7	1	1	0	0	2	9
JOCKEY	48	10	7	2	67	0	0	0	0	0	67
JOCKEY AGENT	8	2	1	0	11	0	0	0	0	0	11
KENNEL-NEW	0	0	0	0	0	1	0	0	0	1	1
KENNEL-RENEWAL	0	0	0	0	0	0	0	0	0	0	0
OCCUPATIONAL	306	140	66	12	524	67	13	47	0	127	651
OCCUPATIONAL-BRDR	0	0	0	0	0	0	0	0	0	0	0
OFFICIAL	10	14	4	2	30	6	4	13	0	23	53
OTB	44	7	0	0	51	8	0	8	0	16	67
OUTRIDER	1	2	0	0	3	0	0	0	0	0	3
OWNER	666	360	115	57	1,198	48	15	36	0	99	1,297
OWNER-TRAINER	106	109	51	4	270	0	0	0	0	0	270
PADDOCK EMPLOYEE	0	0	0	0	0	30	15	88	0	133	133
PERMITTEE DIR/BD MBR	4	4	3	0	11	0	0	0	0	0	11
PLATER	12	11	2	1	26	0	0	0	0	0	26
PONY RIDER	31	23	14	2	70	0	0	0	0	0	70
RACING KENNEL	0	0	0	0	0	0	0	0	3	3	3
SECURITY	15	14	23	4	56	15	1	1	0	17	73
STABLE-NEW	59	2	2	1	64	0	0	0	0	0	64
STABLE-RENEWAL	24	19	2	0	45	0	0	0	0	0	45
TEMP. CLAIM	14	3	0	0	17	0	0	0	0	0	17
TEMP. OWNER	25	0	0	0	25	0	0	0	0	0	25
TEMP. STABLE	2	0	0	0	2	0	0	0	0	0	2
TRAINER	49	34	17	10	110	3	4	7	0	14	124
VENDOR-BUSINESS	9	8	5	1	23	1	0	2	0	3	26
VENDOR-EMPLOYEE	30	19	12	44	105	5	0	2	0	7	112
VETERINARIAN	0	2	0	1	3	0	0	0	0	0	3
VOIDS	0	0	0	0	0	0	0	0	0	0	0
LICENSES ISSUED	1,966	1,000	421	197	3,584	269	59	256	5	589	4,173
FINGERPRINTS TAKEN	982	358	221	130	1,691	515	39	160	0	714	2,405
LICENSING FEES	\$36,907	\$29,542	\$9,640	\$1,716	\$77,805	\$2,362	\$854	\$2,479	\$150	\$5,845	\$83,650
FINGERPRINT FEES	\$27,739	\$10,107	\$6,466	\$3,770	\$48,082	\$5,423	\$1,189	\$4,530	\$0	\$11,142	\$59,224
TOTAL FEES	\$64,646	\$39,649	\$16,106	\$5,486	\$125,867	\$7,835	\$2,043	\$7,009	\$100	\$16,987	\$142,874

Boxing Regulation

The Department of Racing regulates and supervises all boxing events conducted in Arizona to protect the participants in these events and to ensure compliance with the Boxing laws and regulations. The events include traditional boxing, kickboxing, tough man contests, and mixed martial arts.

In 1992, the Arizona Department of Racing assumed responsibility for the financial administration of the Arizona State Boxing Commission. In this capacity, the Department collects and deposits State receipts associated with boxing.

The Department collects a fee of four percent of the gross receipts after deduction of any federal, state, and local taxes generated from boxing matches. In FY 2004, the Department collected \$21,929 in taxes generated from 40 boxing events in the State.

The State Boxing Commission issued 784 licenses, and the Department collected a total of \$12,855 in license fees from these applicants.

Additionally, the State Boxing Commission entered into intergovernmental agreements with Tribal organizations to supervise Boxing events conducted on Tribal land. The Arizona State Boxing Commission receives an average of \$3,000 per event subject to these agreements. During FY 2004, the Boxing Commission regulated three of these events and collected \$9,000 for their regulation. All Boxing Commission revenues are deposited into the General Fund.

Sanctioned Events

The Department ensures that all events under Commission jurisdiction held in the State are sanctioned by the Arizona State Boxing Commission and that all participants are duly licensed.

<u>Performance Measures</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Percent of bouts without serious injury to contestants	100%	100%	100%
Number of events sanctioned	29	26	40
Number of bouts	145	130	200
Number of licenses issued	444	335	784
Percent of licenses issued for all applications	99%	99%	99%

Licensing

The Department issues licenses to participate in Boxing to those who are qualified and eligible. Licenses are denied for those who are undesirable or statutorily prohibited from participating.

<u>Revenue Summary</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Taxes	\$20,272	\$21,531	\$21,929
License Fees	8,215	8,905	12,855
Fines	0	0	0
Other (Tribal Agreements)	0	0	9,000
Total Revenue Collected	\$28,487	\$30,436	\$43,784

Boxing Regulation

Investigations

The Department investigates all allegations of statutory and rule violations that may harm the athlete or the public.

<u>Performance Measures</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Number of investigations conducted	3	2	0
Percent of investigations resulting in disciplinary action	0%	0%	N/A

Department Of Racing Budget

The Department of Racing's expenditures for the last three fiscal years, the appropriated funds for FY 2005 and the budget request for FY 2006, including a summary of full-time and seasonal positions are included below.

A continuation of the current budget level will enable the Department to provide the services required to regulate and support the racing industry in Arizona. Several administrative changes and modernization of the Department's rules, policies, and procedures have been implemented or are being developed to allow the Department to provide better services to its customers while using resources as currently appropriated.

Several proposals for new programs and funding sources were included with the Department's budget request for FY 2006. Some of the proposed programs will allow the Department to expand its revenue sources while reducing its dependence on the General Fund and others will increase revenues generated for the Department, the industry, and the General Fund. These recommendations for increasing state revenues will provide resources for the regulation of the racing industry while maintaining its financial health and protecting the public interest.

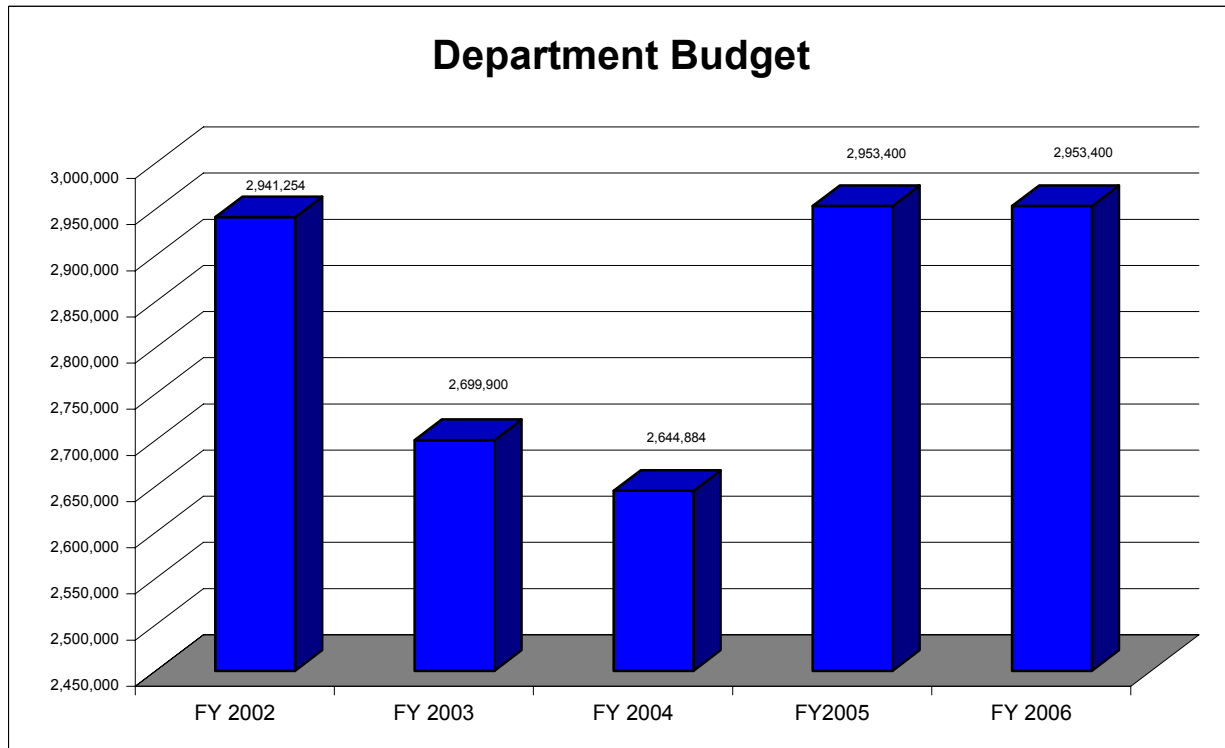
The total Department of Racing budget for FY 2004 was \$2,884,200. This was an increase of \$73,200, or 3%, from the prior budget period to pay for part of the increased employee benefits, scheduled rent increase, and other scheduled cost increases. Nearly 85% of the Department's budget was appropriated from the State General Fund.

OPERATING BUDGET

	Actual Exp FY 2002	Actual Exp FY 2003	Actual Exp FY 2004	Appropriation FY 2005	Budget Request FY 2006
Full Time Equivalent Positions (FTE)	54.8	46.5	46.5	46.5	46.5
Full Time	39.0	33.0	33.0	33.0	33.0
Seasonal	15.8	13.5	13.5	13.5	13.5
Personal Services	\$1,652,346	\$1,611,000	\$1,494,585	\$1,760,800	\$1,760,800
Employee Related Expenses (ERE)	377,179	394,500	357,095	467,300	467,300
Professional & Outside Services	503,191	323,500	278,767	358,300	358,300
Travel - In State	161,175	150,700	153,743	116,600	116,600
Travel - Out of State	2,357	3,200	4,983	2,500	2,500
Other Operating	222,747	214,300	246,668	247,900	247,900
Equipment	22,259	2,700	109,043	-	-
AGENCY TOTAL	\$2,941,254	\$2,941,254	\$2,644,884	\$2,953,400	\$2,953,400

FUND SOURCES

General Fund	\$2,625,355	\$2,366,400	\$2,291,645	\$2,504,800	\$2,504,800
<u>Other Appropriated Funds</u>					
County Fair Racing Fund	263,494	295,300	300,683	371,400	371,400
Administration of Betterment & Breeders' Awards Fund	52,405	38,200	52,556	77,200	77,200
SUBTOTAL	315,899	333,500	353,239	448,600	448,600
AGENCY TOTAL	\$2,941,254	\$2,699,900	\$2,644,884	\$2,953,400	\$2,953,400



Department Of Racing Revenues

The Department of Racing collects pari-mutuel taxes, license fees and fines that are deposited into eight separate funds, the State General Fund and the Greyhound Adoption Fund. Pari-mutuel taxes and license fees collected are deposited into eight separate funds as described below. Fines are deposited directly into the State General Fund and license fees collected from dog breeders and racing kennels are deposited into the Greyhound Adoption fund. See tables and charts on page 34.

Distribution of Revenues to the Eight Separate Funds and Maximum Dollars Allowed

Fund	Distribution	Annual Maximum
County Fairs Livestock & Agriculture Promotion	33%	\$1,200,000
County Fairs Racing Betterment	22%	800,000
Breeders' Award	22%	800,000
Exposition and State Fair	11%	400,000
County Fair Racing	9%	300,000
Stallion Award	1%	40,000
Administration of Betterment & Breeders Awards	1%	45,000
Agricultural Consulting and Training	1%	N/A
Total Maximum Funding Allowed	100%	\$3,585,000

Revenues from pari-mutuel taxes continued to decline in FY 2004. They declined 10.1% or \$63,360 when compared to FY 2003. Several tax breaks have been provided to the racing industry since 1995. The tax breaks listed below contribute, in part, to the continued reduction in pari-mutuel tax revenues from the racing industry.

- Tax reductions for greyhound tracks.
- Exemption from State tax on dollars wagered on simulcast.
- Hardship tax credit for tracks, which have suffered a decline in business.
- Capital improvement program tax reduction.

Additional funds are received from the Arizona Department of Revenue transfer of unclaimed property funds to the Department of Racing. During FY 2004, the transfer was for \$7,530,279. These dollars are distributed among the eight separate funds and enables the Department of Racing to reach the statutorily authorized levels for each fund. The dollars remaining are deposited into the General Fund, which received \$4,420,109, from the Department of Racing's portion of unclaimed property dollars in FY 2004.

As the pari-mutuel tax revenues continue to decline, the contributions from the unclaimed property fund to each of the eight funds increase. This in turn, reduces the funds available for the State's General Fund. Therefore, the unclaimed property funds become increasingly more important to the continuation of the programs supported by these eight funds and the State's General Fund. See tables and charts on page 35.

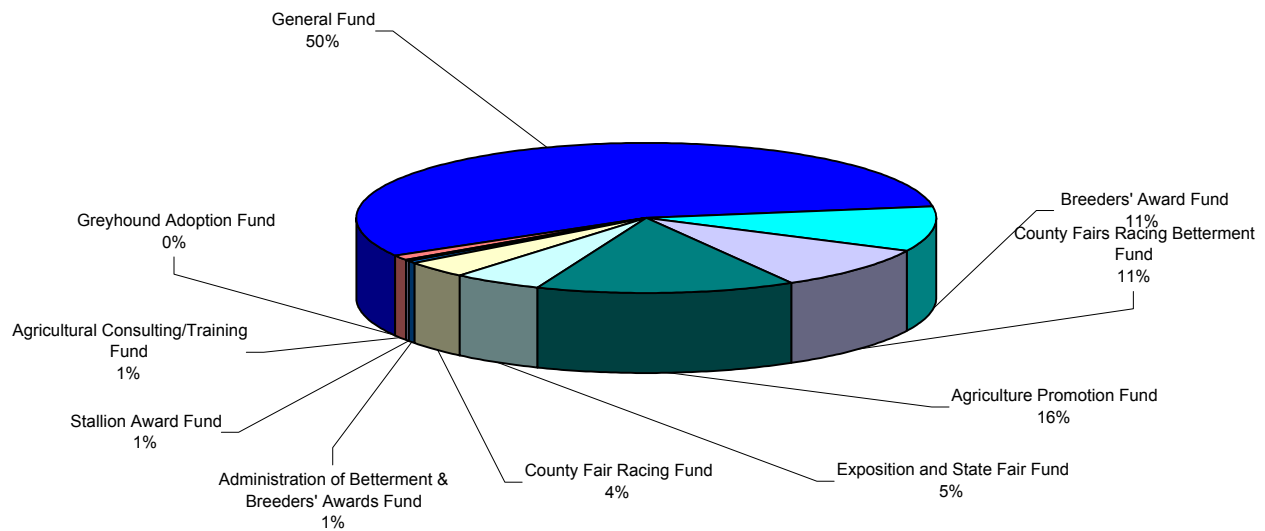
The six funds summarized on page 36 are the funds administered by the Department of Racing for various programs. The County Fairs Livestock & Agriculture Promotion Fund, the Exposition and State Fair Fund, and the Agricultural Consulting and Training Fund are administered by other State programs, as described below.

- County Fairs Livestock & Agriculture Promotion FundGovernor's Office
- Exposition and State Fair FundArizona Exposition and State Fair
- Agricultural Consulting and Training FundArizona Department of Agriculture

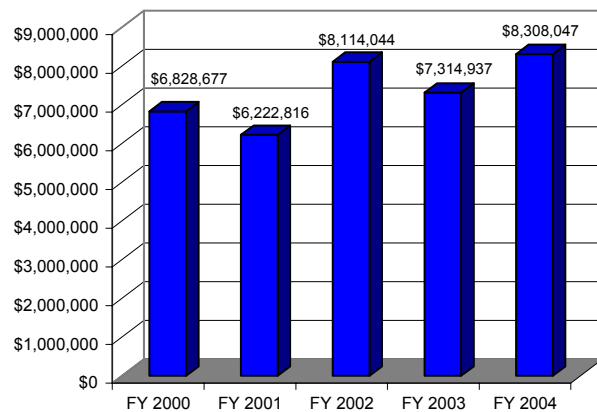
Distribution of Department of Racing Revenues

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
General Fund	\$3,172,344	\$2,575,970	\$4,444,693	\$3,657,354	\$4,640,891
Breeders' Award	800,000	800,000	800,000	800,000	800,000
County Fairs Racing Betterment	800,000	800,000	800,000	800,000	800,000
Agriculture Promotion	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Exposition and State Fair	400,000	400,000	400,000	400,000	400,000
County Fair Racing	300,000	300,000	300,000	300,000	300,000
Administration of Betterment and Breeders' Award	48,345	45,000	45,000	45,000	45,000
Stallion Award	40,000	40,000	40,000	40,000	40,000
Agricultural Consulting/Training	67,713	61,771	80,951	72,508	82,006
Greyhound Adoption	275	75	3,400	75	150
Total Distribution	\$6,828,677	\$6,222,816	\$8,114,044	\$7,314,937	\$8,308,047

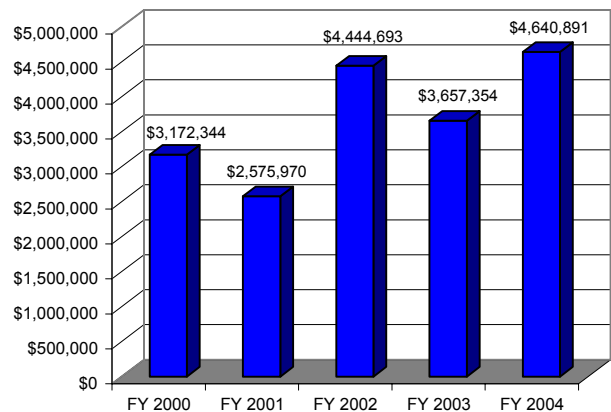
**Distribution of Department of Racing Revenues
FY 2004**



Total Department Revenues by Fiscal Year



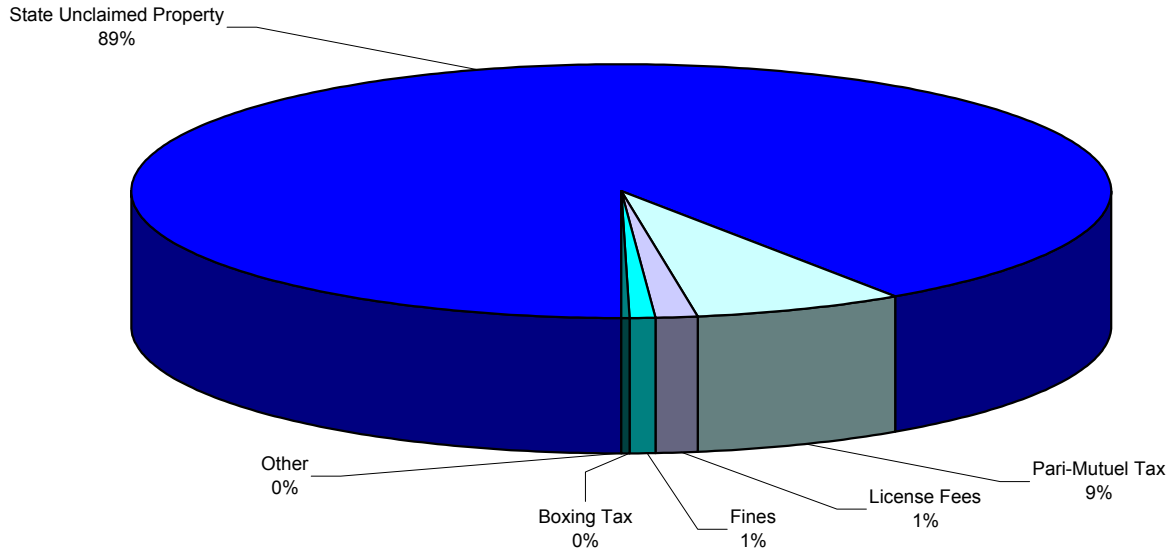
General Fund Revenues by Fiscal Year



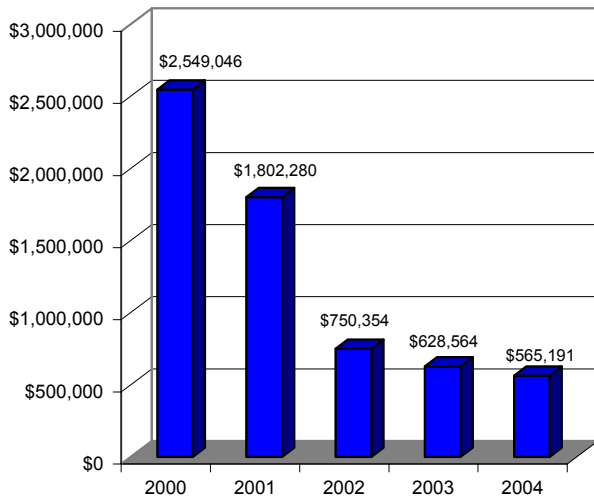
Department of Racing Revenues by Category

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
State Unclaimed Property	\$4,153,331	\$4,266,855	\$7,186,030	\$6,527,513	\$7,530,279
Pari-Mutuel Tax	2,549,046	1,802,280	750,354	628,564	565,191
License Fees	59,506	91,558	158,988	111,750	130,900
Fines	45,810	42,502	56,315	50,748	50,748
Boxing Tax	17,804	49,275	13,929	21,531	21,929
Other	20,985	19,621	(37,643)	(25,169)	9,000
Total	\$6,846,482	\$6,272,091	\$8,127,973	\$7,314,937	\$8,308,047

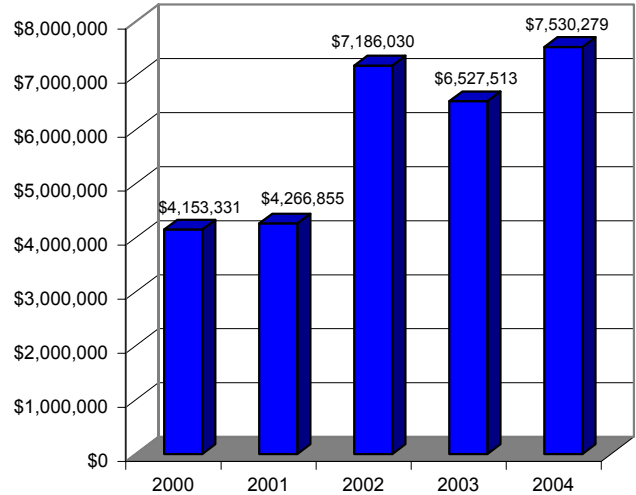
Department of Racing Revenues by Category FY 2004



Pari-Mutuel Tax Revenue by Fiscal Year



State Unclaimed Property Transfers by Fiscal Year



FY 2004 Appropriated and Non-Appropriated Funds

<u>DESCRIPTION OF FUNDS</u>	<u>FY 2003</u>	<u>FY 2004</u>
County Fair Racing (RCA2170 / A.R.S. 5-113) <i>APPROPRIATED</i> <u>Source of Revenue:</u> Receives 9% of revenue derived from pari-mutuel receipts, license fees, and unclaimed property (maximum of \$300,000). <u>Purpose of Fund:</u> For the administration of county fair racing. FUNDS EXPENDED	\$295,300	\$300,683
Administration of County Fair Racing & Breeders Awards Fund (RCA2018 / A.R.S. 5-113) <i>APPROPRIATED</i> <u>Source of Revenue:</u> Receives 1% of revenue derived from pari-mutuel receipts, license fees, and unclaimed property (maximum of \$45,000). <u>Purpose of Fund:</u> To administer the Arizona County Fairs Racing Betterment Fund, the Arizona Breeders' Award Fund, the Arizona Stallion Award Fund, and the Greyhound Adoption Fund. FUNDS EXPENDED	\$38,200	\$52,556
Arizona Breeders Award (RCA2206 / A.R.S. 5-113) <i>NON-APPROPRIATED</i> <u>Source of Revenue:</u> Receives 22% of revenue derived from pari-mutuel receipts, license fees, and unclaimed property (maximum of \$800,000). <u>Purpose of Fund:</u> To award the breeder of every winning horse or greyhound foaled or whelped in this state. FUNDS EXPENDED	\$1,152,000	\$714,903
County Fair Racing Betterment (RCA2207 / A.R.S. 5-113) <i>NON-APPROPRIATED</i> <u>Source of Revenue:</u> Receives 22% of revenue derived from pari-mutuel receipts, license fees, and unclaimed property (maximum of \$800,000). <u>Purpose of Fund:</u> To provide a grant to each eligible county fair association conducting a county fair racing meeting. FUNDS EXPENDED	\$778,900	\$845,700
Greyhound Adoption (RCA2015 / A.R.S. 5-113) <i>NON-APPROPRIATED</i> <u>Source of Revenue:</u> License fees collected from dog breeders, racing kennels, and other operations where greyhounds are raised for dog racing. <u>Purpose of Fund:</u> To provide grants to non-profit organizations to promote the adoption of retired racing greyhounds as domestic pets. FUNDS EXPENDED	\$375	\$0
Stallion Award (RCA2315 / A.R.S. 5-113) <i>NON-APPROPRIATED</i> <u>Source of Revenue:</u> Receives 1% of revenue derived from pari-mutuel receipts, license fees, and unclaimed property (maximum of \$40,000). <u>Purpose of Fund:</u> To award owners or lessees of stallions that bred winning horses in this state. FUNDS EXPENDED	\$40,000	\$40,000

Department of Racing Pari-Mutuel Tax and Hardship Tax Credit Projections

The revenue projections developed by the Department of Racing and included in the tables below are based on historical levels and industry trends and assume the continued operation of each of Arizona's commercial race tracks. These tables indicate anticipated State pari-mutuel taxes from dollars wagered over the next three fiscal years. The tables also provide actual and estimated amounts for the Hardship Tax Credit during the next three fiscal years.

FY 2006 Estimated Pari-Mutuel Tax and Hardship Tax Credit

TRACK	BASE YEAR	BASE YEAR AMOUNT	ESTIMATED FY 2005 AMOUNT WAGERED	ESTIMATED FY 2005 % DECREASE	ESTIMATED PARI-MUTUEL TAX DUE	TAX DUE BASED ON % DECREASE	ESTIMATED FY 2006 HARDSHIP CREDIT	CARRYOVER FROM FY 2005 HARDSHIP TAX CREDIT	FY 2006 TAX CREDIT WITH FY 2005 CARRYOVER
HORSE TRACKS:									
Fort Tuthill Downs	FY 1994	\$798,671	\$0	-100.00%	\$0	\$0	\$0	\$7,320	\$7,320
Rillito Park	FY 1990	3,887,981	805,693	-79.28%	16,114	12,775	38,324	103,783	142,107
Turf Paradise	FY 1994	101,467,993	133,246,398	31.32%	492,151	0	0	0	0
Yavapai Downs	FY 1994	17,490,826	26,387,747	50.87%	79,377	0	0	0	0
GREYHOUND TRACKS:									
Apache Greyhound Park	FY 1990	\$12,262,396	\$5,281,988	-56.93%	\$84,937	\$48,351	\$145,052	\$160,861	\$360,850
PGP: Western Racing	FY 1990	49,391,582	32,843,145	-33.50%	1,044,412	349,963	1,049,888	178,010	1,227,898
PGP: American Racing	FY 1994	46,293,967	25,419,485	-45.09%	895,104	403,576	1,210,727	587,045	1,797,772
Tucson Greyhound Park	FY 1990	38,110,346	21,514,079	-43.55%	364,234	158,603	475,810	1,493,218	1,969,028

FY 2007 Estimated Pari-Mutuel Tax and Hardship Tax Credit

TRACK	BASE YEAR	BASE YEAR AMOUNT	ESTIMATED FY 2006 AMOUNT WAGERED	ESTIMATED FY 2006 % DECREASE	ESTIMATED PARI-MUTUEL TAX DUE	TAX DUE BASED ON % DECREASE	ESTIMATED FY 2006 HARDSHIP CREDIT	CARRYOVER FROM FY 2006 HARDSHIP TAX CREDIT	FY 2007 TAX CREDIT WITH FY 2006 CARRYOVER
HORSE TRACKS:									
Fort Tuthill Downs	FY 1994	\$798,671	\$0	-100.00%	\$0	\$0	\$0	\$7,320	\$7,320
Rillito Park	FY 1990	3,887,981	813,750	-79.07%	16,920	13,378	40,135	125,187	165,322
Turf Paradise	FY 1994	101,467,993	135,911,326	33.95%	501,924	0	0	0	0
Yavapai Downs	FY 1994	17,490,826	25,728,053	47.09%	77,393	0	0	0	0
GREYHOUND TRACKS:									
Apache Greyhound Park	FY 1990	\$12,262,396	\$5,229,168	-57.36%	\$84,088	\$48,229	\$144,688	\$276,762	\$421,450
PGP: Western Racing	FY 1990	49,391,582	32,186,282	-34.83%	1,023,524	356,576	1,069,728	204,374	1,274,103
PGP: American Racing	FY 1994	46,293,967	24,911,095	-46.19%	877,202	405,137	1,215,410	920,570	2,135,980
Tucson Greyhound Park	FY 1990	38,110,346	21,083,797	-44.68%	356,949	159,461	478,383	1,612,079	2,090,462

FY 2008 Estimated Pari-Mutuel Tax and Hardship Tax Credit

TRACK	BASE YEAR	BASE YEAR AMOUNT	ESTIMATED FY 2007 AMOUNT WAGERED	ESTIMATED FY 2007 % DECREASE	ESTIMATED PARI-MUTUEL TAX DUE	TAX DUE BASED ON % DECREASE	ESTIMATED FY 2008 HARDSHIP CREDIT	CARRYOVER FROM FY 2007 HARDSHIP TAX CREDIT	FY 2008 TAX CREDIT WITH FY 2007 CARRYOVER
HORSE TRACKS:									
Fort Tuthill Downs	FY 1994	\$798,671	\$0	-100.00%	\$0	\$0	\$0	\$7,320	\$7,320
Rillito Park	FY 1990	3,887,981	821,887	-78.86%	17,766	14,010	42,030	147,557	189,587
Turf Paradise	FY 1994	101,467,993	137,949,996	35.95%	509,524	0	0	0	0
Yavapai Downs	FY 1994	17,490,826	25,213,492	44.15%	75,845	0	0	0	0
GREYHOUND TRACKS:									
Apache Greyhound Park	FY 1990	\$12,262,396	\$5,176,876	-57.78%	\$83,247	\$48,102	\$144,306	\$338,204	\$482,510
PGP: Western Racing	FY 1990	49,391,582	31,542,556	-36.14%	1,003,053	362,518	1,087,555	271,049	1,358,604
PGP: American Racing	FY 1994	46,293,967	24,412,873	-47.27%	859,658	406,285	1,218,855	1,276,322	2,495,177
Tucson Greyhound Park	FY 1990	38,110,346	20,662,121	-45.78%	349,810	160,142	480,427	1,740,652	2,221,078

Hardship Tax Credit

The Department of Racing determines the amount, if any, of a Hardship Tax Credit available to the commercial horse and greyhound permittees. This credit supports the pari-mutuel industry by responding to the reduction in wagering that has occurred and offsetting the tax due the State.

Determination of the FY 2005 Hardship Tax Credit Based on the FY 2004 Dollars Wagered

TRACK	BASE YEAR	BASE YEAR AMOUNT	FY 2004 AMOUNT WAGERED	FY 2004 % DECREASE	FY 2004 PARI-MUTUEL TAX DUE	TAX DUE BASED ON % DECREASE	FY 2005 HARDSHIP TAX CREDIT	CARRYOVER FROM FY 2004 HARDSHIP TAX CREDIT	FY 2005 TAX CREDIT WITH FY 2004 CARRYOVER
HORSE TRACKS:									
Fort Tuthill Downs	FY 1994	\$798,671	\$0	-100.00%	\$0	\$0	\$0	\$7,320	\$7,320
Rillito Park	FY 1990	3,887,981	805,693	-79.28%	16,114	12,775	38,324	103,783	142,107
Turf Paradise	FY 1994	101,467,993	133,246,398	31.32%	492,151	0	0	0	0
Yavapai Downs	FY 1994	17,490,826	26,387,747	50.87%	79,377	0	0	0	0
GREYHOUND TRACKS:									
Apache Greyhound Park	FY 1990	\$12,262,396	\$5,281,988	-56.93%	\$84,937	\$48,351	\$145,052	\$160,861	\$360,850
PGP: Western Racing	FY 1990	49,391,582	32,843,145	-33.50%	1,044,412	349,963	1,049,888	178,010	1,227,898
PGP: American Racing	FY 1994	46,293,967	25,419,485	-45.09%	895,104	403,576	1,210,727	587,045	1,797,772
Tucson Greyhound Park	FY 1990	38,110,346	21,514,079	-43.55%	364,234	158,603	475,810	1,493,218	1,969,028

Department of Racing Pari-Mutuel Tax Revenue - FY 2004

TRACK	ALLOWABLE HARDSHIP CREDITS IN FY 2004	FY 2004 HANDLE	FY 2004 PARI-MUTUEL TAX DUE	FY 2004 CAPITAL IMPROVEMENT WITHHOLDINGS	FY 2004 HARDSHIP TAX CREDIT	AGP CREDITS to PGP	FY 2004 CHARITY DAYS	FY 2004 PARI-MUTUEL TAX REVENUE
HORSE TRACKS:								
Rillito Park	\$119,897	\$805,693	\$16,114	\$0	\$16,114	\$0	\$0	\$0
Turf Paradise	0	133,246,398	492,151	0	0	0	11,869	480,282
Yavapai Downs	0	26,387,747	79,377	79,377	0	0	0	0
Subtotal Horse Tracks	\$119,897	\$160,439,838	\$587,642	\$79,377	\$16,114	\$0	\$11,869	\$480,282
GREYHOUND TRACKS:								
Apache Greyhound Park	\$296,317	\$5,281,988	\$84,937	\$0	\$80,519	\$0	\$4,418	\$0
PGP: Western Racing	1,116,494	32,843,145	1,044,412	0	938,484	0	21,019	84,909
PGP: American Racing	1,449,559	25,419,485	895,104	0	862,514	0	32,590	0
Tucson Greyhound Park	1,857,452	21,514,079	364,234	0	364,234	0	0	0
Subtotal Greyhound Tracks	\$4,719,822	\$85,058,697	\$2,303,778	\$0	\$2,160,842	\$0	\$58,027	\$84,909
GRAND TOTAL	\$4,839,719	\$245,498,535	\$2,891,420	\$79,377	\$2,176,956	\$0	\$69,896	\$565,191

Track Capital Improvements

The Department was authorized by statute to encourage the improvement of racing facilities by reducing the pari-mutuel tax due the State. The percentages paid the State by the permittee was reduced by 1% of the total amount wagered in counties with a population over 500,000 and 27% in all other counties. This program continues to benefit the racing industry and the public by supporting completed capital improvement projects, which should result in increased revenue from pari-mutuel wagering.

Prior approval of the Racing Commission for the capital improvement proposed was required to qualify for the reduction. This provision expired on June 30, 1992 for counties with populations of 500,000 or more and on June 30, 1999 for counties with populations of less than 500,000 according to the previous United States decennial census. The capital improvement dollars for projects approved before the expiration date may continue to be deducted from the pari-mutuel tax due until exhausted. The following table show dollars deducted by all racetracks during FY 2004. The only racetrack which has not exhausted the dollars approved is Yavapai Downs.

Permittee	Project Description	Improvement Dollars Approved	Dollars Deducted FY 2004	Cumulative Dollars Deducted	Remaining Dollars Approved
Prescott Downs (Yavapai Downs)	Grandstand & Clubhouse Structure, etc.	\$52,196,636	\$79,377	\$306,032	\$51,890,604
Other Permittees		\$0	\$0	\$0	\$0

This table excludes permittees that have used all approved capital improvements dollars.